# PRESS RELEASE

SEGRO

SEGRO plc's Half Year 2024 Results have been submitted in full unedited text to the Financial Conduct Authority's National Storage Mechanism and will be available shortly for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism and are also available on the SEGRO website at: www.segro.com/investors. Investors should read the full unedited text of the Half Year 2024 Results, including the description of the Group's principal risks and uncertainties, and not rely only on the summarised information set out in this announcement. Notes or Tables that are not included herein refer to the full unedited text of the Half Year 2024 Results.

26 July 2024

**RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**CONTINUED RENTAL GROWTH, VALUATIONS STABILISED**

## KEY MESSAGES

- Occupier market conditions remain attractive and SEGRO's focus on the most supply-constrained European urban and big box markets has driven continued income and earnings growth.
- Valuations have stabilised, with the UK seeing its first increase since the cycle turned in 2022.
- SEGRO is well-placed for further profitable growth with the potential to increase passing rents by over 50 per cent over the next three years, supporting strong shareholder returns.

Commenting on the results, David Sleath, Chief Executive, said:

"SEGRO has continued to perform well during the first half of 2024, signing £48 million of new rent. The balance of supply and demand for modern warehouse space remains supportive of further rental growth and development gains in the attractive European markets in which our portfolio is concentrated.

"Valuations have stabilised with the UK seeing its first increase since the cycle turned in 2022. The strength of our local networks, and balance sheet have enabled us to invest selectively in profitable new opportunities, putting to work some of the capital raised in February.

"In a sector that continues to benefit from long-term, attractive structural drivers, SEGRO is well-placed for further growth through a combination of active asset management of our irreplaceable, prime portfolio of existing assets and our profitable development programme, which includes a sizeable data centre pipeline. These factors, together with the competitive advantage of our market-leading operating platform, give us confidence that we will continue to deliver attractive and compounding increases in both earnings and dividends."

## HIGHLIGHTS[1]:

- **£48 million of new headline rent commitments signed during the period** (H1 2023: £44 million), including £17 million of new pre-let agreements, and a 28 per cent average uplift in rent reviews and renewals as we continue to capture embedded reversion within the portfolio.

- **7 per cent increase in net rental income to £306 million (H1 2023: £286 million),** driven by strong like-for-like rental growth of 5.3 per cent and development completions.

- **Adjusted pre-tax profit of £227 million up 14.6 per cent compared with the prior year (H1 2023: £198 million). Adjusted EPS is 17.0 pence, up 6.9 per cent** (H1 2023: 15.9 pence), the impact of the equity placing being broadly neutral as the higher share count was offset by lower interest costs.

- **Overall valuation flat, with a positive performance in the UK offset by a small decline in Continental Europe, mostly due to modest outward yield shift. Adjusted NAV per share down 1.8 per cent to 891 pence** (31 December 2023: 907 pence) largely due to the impact of the equity placing.

- **Capital investment of £401 million** (H1 2023: £625 million) comprising development capex and acquisitions, less £251 million of disposals completed ahead of previous book values.

- **Development completions added £27 million of potential new headline rent, delivered at a yield on cost of 7.0 per cent.** 78 per cent of this has been leased and 96 per cent was, or is expected to be, certified BREEAM 'Excellent' (or local equivalent) or higher.

- **A further £49 million of potential rent from development projects under construction or in advanced negotiations,** 65 per cent of which has been or is currently expected to be pre-let. Anticipated yield on cost for these projects is 7.7 per cent.

- **Strong balance sheet, well-positioned for further growth following £907 million equity placing.** LTV of 30 per cent (31 December 2023: 34 per cent) and net debt:EBITDA of 8.5 times (31 December 2023: 10.4 times), with access to £2.1 billion of cash and undrawn committed bank facilities.

- **Attractive cost of debt due to our diverse, long-term debt structure**. Average cost of debt is 2.7 per cent (31 December 2023: 3.1 per cent) with no major debt maturities until 2026.

- **Interim dividend increased by 4.6 per cent to 9.1 pence** (2023: 8.7 pence).

## FINANCIAL SUMMARY

| | **6 months to 30 June 2024** | **6 months to 30 June 2023** | **Change per cent** |
|---|---|---|---|
| Adjusted[2] profit before tax (£m) | **227** | 198 | 14.6 |
| IFRS profit/ (loss) before tax (£m) | **235** | (33) | – |
| Adjusted[3] earnings per share (pence) | **17.0** | 15.9 | 6.9 |
| IFRS earnings per share (pence) | **16.9** | (1.9) | – |
| Dividend per share (pence) | **9.1** | 8.7 | 4.6 |
| Total Accounting Return (%)[4] | **0.3** | (1.1) | – |
| | **30 June 2024** | **31 December 2023** | **Change per cent** |
| Assets under Management (£m) | **20,645** | 20,677 | |
| Portfolio valuation (SEGRO share, £m) | **17,817** | 17,762 | 0.0[5] |
| Net true equivalent yield (%) | **5.3** | 5.3 | - |
| Adjusted[6 7] net asset value per share (pence, diluted) | **891** | 907 | (1.8) |
| IFRS net asset value per share (pence, diluted) | **874** | 886 | |
| Net debt (SEGRO share, £m) | **5,218** | 6,016 | |
| Loan to value ratio including joint ventures at share (%) | **30** | 34 | |
| Net debt:EBITDA[8] (times) | **8.5** | 10.4 | |

1. Figures quoted on pages 1 to 12 refer to SEGRO's share, except for land (hectares) and space (square metres) which are quoted at 100 per cent, unless otherwise stated. Please refer to the Presentation of Financial Information statement in the Financial Review for further details.
2. A reconciliation between Adjusted profit before tax and IFRS profit before tax is shown in Note 2 to the condensed financial information.
3. A reconciliation between Adjusted earnings per share and IFRS earnings per share is shown in Note 11 to the condensed financial information.
4. Total Accounting Return is calculated based on the opening and closing adjusted NAV per share adding back dividends paid during the period.

5. Percentage valuation movement during the period based on the difference between opening and closing valuations for all properties including buildings under construction and land, adjusting for capital expenditure, acquisitions and disposals. Table 3 in the Supplementary Notes provides a reconciliation to the condensed financial information.

6. A reconciliation between Adjusted net asset value per share and IFRS net asset value per share is shown in Note 11 to the condensed financial information.

7. Adjusted net asset value is in line with EPRA Net Tangible Assets (NTA) (see Table 5 in the Supplementary Notes for a NAV reconciliation).

8. For further information on net debt:EBITDA see footnote 2 to Table 2 in the Supplementary Notes.

## OPERATING SUMMARY & KEY METRICS

| | | **H1 2024** | H1 2023 | FY 2023 |
|---|---|---|---|---|
| **PORTFOLIO VALUATION FLAT, CONTINUED RENTAL GROWTH (see page 6):** | | | | |
| Portfolio valuation change (%) | Group | **0.0** | (1.4) | (4.0) |
| | UK | **0.9** | (0.6) | (3.4) |
| | CE | **(1.4)** | (2.7) | (5.1) |
| Estimated rental value (ERV) growth (%) | Group | **1.4** | 3.7 | 6.0 |
| | UK | **1.5** | 3.0 | 4.9 |
| | CE | **1.3** | 4.8 | 7.9 |
| **ACTIVE ASSET MANAGEMENT DRIVING OPERATIONAL PERFORMANCE (see page 10):** | | | | |
| Total new rent contracted during the period (£m) | | **48** | 44 | 88 |
| Pre-lets signed during the period (£m) | | **17** | 19 | 27 |
| Like-for-like net rental income growth (%): | Group | **5.3** | 5.1 | 6.5 |
| | UK | **4.0** | 4.3 | 5.3 |
| | CE | **7.4** | 6.4 | 8.5 |
| Uplift on rent reviews and renewals (%) | Group | **28** | 20 | 31 |
| (note: excludes uplifts from indexation) | UK | **36** | 26 | 40 |
| | CE | **7** | 10 | 8 |
| Occupancy rate (%) | | **94.6** | 95.5 | 95.0 |
| Customer retention (%) | | **87** | 85 | 81 |
| Solar capacity (MW) | | **78** | 48 | 59 |
| **INVESTMENT ACTIVITY REMAINS DISCIPLINED AND FOCUSED ON SECURING PROFITABLE GROWTH (see page 8):** | | | | |
| Development capex (£m) | | **211** | 299 | 527 |
| Acquisitions (£m) | | **190** | 326 | 404 |
| Disposals (£m) | | **251** | 74 | 356 |
| Development capex for FY 2024 expected to be c.£500 million. | | | | |
| **EXECUTING AND GROWING OUR PROFITABLE DEVELOPMENT PIPELINE (see page 9):** | | | | |
| Development completions: | | | | |
| – Space completed (sq m) | | **269,100** | 340,900 | 625,700 |
| – Potential rent (£m) (Rent secured) | | **27 (78%)** | 28 (83%) | 50 (87%) |
| – BREEAM 'Excellent'[1] or above (%) | | **96** | 85 | 92 |
| Current development pipeline potential rent (£m) (Rent secured) | | **47 (64%)** | 66 (65%) | 51 (62%) |
| Near-term pre-let development pipeline potential rent (£m) | | **2** | 10 | 20 |

1. Or local equivalent

## OUTLOOK

SEGRO has one of the best and most modern industrial and logistics portfolios in Europe, with two-thirds of our invested capital (at share) representing urban warehouses (including our data centre portfolio) located in Europe's largest cities, and one-third representing big box warehouses located in major logistics hubs and along key transportation corridors.

These assets are in high demand from occupiers, driven by the long-term structural drivers at play in our sector - digitalisation, supply-chain resilience, urbanisation and sustainability - and the locations we operate in have a shortage of modern, sustainable space due to low availability of land, restrictive planning policies and, more recently, a significant fall in speculative construction starts across Europe.

Our portfolio is well-positioned to benefit from this tight supply-demand dynamic and we believe that this, combined with an improving macroeconomic situation, will support higher take-up levels and help to drive continued rental growth in line with our medium-term expectations.

This rental growth is expected to add to the £133 million of future additional income that is already underpinned by rent reversion within our existing portfolio, equating to approximately 20 per cent of our rent roll that we are successfully capturing whilst keeping customer retention high. Our high-quality land bank also creates the potential to add a further £404 million of rental income through development, which includes a sizeable data centre opportunity.

Asset values appear to be at an inflection point in the UK and bottoming out in Continental Europe, and the prospect of interest rate cuts later in the second half should provide support for continued recovery in investment market conditions. We believe this will present further, exciting opportunities for SEGRO to drive future returns.

Overall, we believe the present market environment offers an attractive opportunity for profitable medium-term investment. SEGRO, with the benefit of its prime portfolio, excellent land bank, market-leading operating platform and strong balance sheet, is well-placed to deliver attractive returns and continued compounding growth in earnings and dividends.

## WEBCAST / CONFERENCE CALL FOR INVESTORS AND ANALYSTS

**A live webcast of the results presentation will be available from 08:30am (UK time) at:**

https://www.investis-live.com/segro/66714879c5e2640c000ef5ed/qpaer

The webcast will be available for replay at SEGRO's website at: http://www.segro.com/investors shortly after the live presentation.

A conference call facility will be available at 08:30 (UK time) on the following number:

| | |
|---|---|
| Dial-in: | +44 (0)800 279 3956 |
| | +44 (0)207 107 0613 |
| Access code: | 43520861 |

An audio recording of the conference call will be available until 2 August 2024 on:

| | |
|---|---|
| UK: | +44 (0)203 608 8021 |
| Access code: | 43520861# |

A video of David Sleath, Chief Executive discussing the results will be available to view on www.segro.com, together with this announcement, the Half Year 2024 Property Analysis Report and other information about SEGRO.

**CONTACT DETAILS FOR INVESTOR / ANALYST AND MEDIA ENQUIRIES:**


| | | |
|---|---|---|
| SEGRO | Soumen Das<br>(Chief Financial Officer) | Tel: + 44 (0) 20 7451 9110<br>(after 11am) |
| | Claire Mogford<br>(Head of Investor Relations) | Mob: +44 (0) 7710 153 974<br>Tel: +44 (0) 20 7451 9048<br>(after 11am) |
| FTI Consulting | Richard Sunderland/ Ellie Sweeney/ Eve Kirmatzis | Tel: +44 (0) 20 3727 1000 |


**FINANCIAL CALENDAR**

| | |
|---|---|
| 2024 interim dividend ex-div date | 8 August 2024 |
| 2024 interim dividend record date | 9 August 2024 |
| 2024 interim dividend scrip dividend price announced | 15 August 2024 |
| Last date for scrip dividend elections | 30 August 2024 |
| 2024 interim dividend payment date | 20 September 2024 |
| 2024 Third Quarter Trading Update | 17 October 2024 |
| Full Year 2024 Results (provisional) | 14 February 2025 |

**ABOUT SEGRO**

SEGRO is a UK Real Estate Investment Trust (REIT), listed on the London Stock Exchange and Euronext Paris, and is a leading owner, manager and developer of modern warehouses and industrial property. It owns or manages 10.8 million square metres of space (116 million square feet) valued at £20.6 billion serving customers from a wide range of industry sectors. Its properties are located in and around major cities and at key transportation hubs in the UK and in seven other European countries.

For over 100 years SEGRO has been creating the space that enables extraordinary things to happen. From modern big box warehouses, used primarily for regional, national and international distribution hubs, to urban warehousing (including data centres) located close to major population centres and business districts, it provides high-quality assets that allow its customers to thrive.

A commitment to be a force for societal and environmental good is integral to SEGRO's purpose and strategy. Its Responsible SEGRO framework focuses on three long-term priorities where the company believes it can make the greatest impact: Championing Low-Carbon Growth, Investing in Local Communities and Environments and Nurturing Talent.

Striving for the highest standards of innovation, sustainable business practices and enabling economic and societal prosperity underpins SEGRO's ambition to be the best property company.

See www.SEGRO.com for further information.