

20 October 2021

## SEGRO plc

### Trading Update

SEGRO plc (“SEGRO” or the “Group”) today publishes a trading update for the period from 1 July 2021 to 19 October 2021<sup>1</sup>.

#### **David Sleath, Chief Executive, said:**

“SEGRO has had an active and successful third quarter as we continue to capitalise on strong occupier and investment market conditions, with high leasing volumes across the business.

“We have made significant progress with our profitable development programme and have completed projects equivalent to £25 million of potential rent, of which over 90 per cent is already let. We currently have 1 million square meters of space under construction, and during the period have added to the active pipeline and secured further land to extend our bank of future development opportunities.

“We head into the final months of 2021 with confidence in our ability to drive further sustainable growth in rental income, earnings and dividends.”

#### **Strong rent roll growth during the period as a result of a busy period of lettings and the continued capture of reversionary potential (Appendix 1).**

- £26 million (Q3 2020: £16 million) of new headline rent<sup>2</sup> signed during the quarter, taking the total for the nine months to 30 September 2021 to £64 million (9M 2020: £50 million). This includes £9 million (Q3 2020: £6 million) of new, unconditional pre-let agreements and lettings of speculative developments prior to completion, taking the nine-month figure to £30 million (9M 2020: £25 million).
- New headline rents on review and renewal up more than 13 per cent (UK: 18 per cent, CE: 2 per cent) on previous passing rent in the nine months to 30 September 2021 as ongoing asset management continues to capture reversionary potential from our existing portfolio.
- Vacancy rate reduced further to 3.2 per cent (30 June 2021: 4.3 per cent) predominantly due to strong demand for recently completed speculatively developed space.
- Customer retention is 76 per cent for 2021 to date after we took the opportunity to take back some space in urban estates in London and Paris with a view to executing identified asset management initiatives.

#### **Development programme continues to deliver high-quality growth and returns – potential to increase annualised rent roll by 20 per cent (£92 million) from the pipeline of space under construction and in advanced discussions.**

- So far in 2021 we have completed 450,000 sq m (9M 2020: 695,800 sq m) of new developments, capable of generating £25 million (9M 2020: £38 million) of headline rent, 93 per cent which has been let. Developments capable of generating a further £31 million of rent are expected to complete in the fourth quarter, £26 million of which has been secured.
- At 30 September 2021, over 998,000 sq m of space was under construction, equating to potential future headline rent of £68 million (30 June 2021: 1.1 million sq m, £67 million) of which 66 per cent has been secured (30 June 2021: 66 per cent). Once complete and fully let,

the pipeline is expected to generate a yield on total development cost of approximately 6.8 per cent.

- Additional pre-let projects in advanced discussions equating to 196,000 sq m of space with potential capex of £211 million and associated rent of £24 million are expected to commence in the coming months.

### **Superior operating platform and local expertise driving growth through sourcing off-market development and investment opportunities in competitive markets (Appendices 2 and 3).**

- In 2021 so far, we have acquired over £260 million of land to top up our land bank and provide further growth opportunities. During the third quarter we acquired £66 million of land for future development, including sites in Italy and Poland, as well as two further plots of land in London acquired in early October.
- We took advantage of strong market conditions to dispose of £98 million of assets including a portfolio of urban warehouses in Italy and a stand-alone big box warehouse in Spain.
- Earlier this month we also completed an asset swap which resulted in the acquisition of a significant urban warehouse estate in West London for £140 million. As part of this transaction we disposed of a portfolio of stand-alone UK big boxes and urban warehouses for £205 million.
- We remain on course to invest in excess of £750 million in our development pipeline (excluding land acquisitions) during 2021.

### **Disciplined capital management has reduced the cost of debt further and balance sheet is well-positioned to fund further growth.**

- We issued the first SEGRO Green bond, a ten-year €500 million senior unsecured bond with a coupon of 0.5 per cent.
- Net debt (including our share of debt in joint ventures) at 30 September 2021 increased to £3.3 billion (30 June 2021: £3.1 billion).
- This equates to a pro forma<sup>3</sup> look-through LTV of 23 per cent (30 June 2021: 21 per cent).

### **Financial calendar**

The provisional date for 2021 Full Year results is Friday 18 February 2022.

<sup>1</sup> In this statement, space is stated at 100 per cent, whilst financial figures are stated reflecting SEGRO's share of joint ventures. Financial figures are stated for the period to, or at, 30 September 2021 unless otherwise indicated. The exchange rate applied is €1.16:£1 as at 30 September 2021.

<sup>2</sup> Headline rent is annualised gross passing rent receivable once incentives such as rent-free periods have expired.

<sup>3</sup> Based on values at 30 June 2021, adjusted for acquisitions, disposals and other capital expenditure during the third quarter.

## Appendices

### 1. Leasing data for the period to 30 September<sup>1 2</sup>

		Q3 2021	Q3 2020	9M 2021	9M 2020
Take-up of existing space (A)	£m	9.2	2.2	18.7	8.8
Space returned <sup>2</sup> (B)	£m	(7.1)	(2.3)	(16.6)	(10.5)
<b>NET ABSORPTION OF EXISTING SPACE (A-B)</b>	<b>£m</b>	<b>2.1</b>	<b>(0.1)</b>	<b>2.1</b>	<b>(1.7)</b>
Other rental movements (rent reviews, renewals, indexation) (C)	£m	1.4	5.7	5.8	9.6
<b>RENT ROLL GROWTH FROM EXISTING SPACE</b>	<b>£m</b>	<b>3.5</b>	<b>5.6</b>	<b>7.9</b>	<b>7.9</b>
Take-up of developments completed in the period – pre-let space (D)	£m	15.3	14.8	20.1	24.9
Take-up of speculative developments completed in the past two years (E)	£m	6.2	2.4	10.2	8.6
<b>TOTAL TAKE UP (A+C+D+E)</b>	<b>£m</b>	<b>32.1</b>	<b>25.1</b>	<b>54.8</b>	<b>51.9</b>
Less take-up of pre-lets and speculative lettings signed in prior periods	£m	(15.3)	(15.1)	(20.8)	(26.9)
Pre-lets and lettings on speculative developments signed in the period for future delivery	£m	9.0	5.8	30.3	24.6
<b>RENTAL INCOME CONTRACTED IN THE PERIOD<sup>2</sup></b>	<b>£m</b>	<b>25.8</b>	<b>15.8</b>	<b>64.3</b>	<b>49.6</b>
Take-back of space for redevelopment	£m		(1.6)		(2.1)

<sup>1</sup> All figures reflect headline rent (annualised gross rental income, after the expiry of any rent-free periods), exchange rates at 30 September 2021 and include joint ventures at share.

<sup>2</sup> Excluding space taken back for redevelopment.

### 2. Acquisitions completed during the three months to 30 September 2021

Asset location / type	Purchase price <sup>1</sup> (£m, SEGRO share)	Net initial yield (%)	Topped-up net initial yield <sup>2</sup> (%)
UK: Land	20	n/a	n/a
Continental Europe: Urban warehouses	9	5.3	5.3
Continental Europe: Big box warehouses	9	4.7	4.7
Continental Europe: Land	46	n/a	n/a
<b>Total acquisitions during the quarter</b>	<b>84</b>	<b>5.0<sup>3</sup></b>	<b>5.0<sup>3</sup></b>

<sup>1</sup> Excluding acquisition costs; purchase price reflects exchange rate at 30 September 2021 and includes joint ventures at share.

<sup>2</sup> Topped up net initial yield includes rent due after expiry of rent-free periods.

<sup>3</sup> Yield excludes land acquisitions.

### 3. Disposals completed during the three months to 30 September 2021

Asset location / type	Gross proceeds <sup>1</sup> (£m, SEGRO share)	Net initial yield (%)	Topped-up net initial yield <sup>2</sup> (%)
Continental Europe: Urban warehouses	90	3.8	3.8
Continental Europe: Big box warehouses	8	3.7	3.7
<b>Total disposals during the quarter</b>	<b>98</b>	<b>3.8</b>	<b>3.8</b>

<sup>1</sup> Proceeds reflect exchange rate at 30 September 2021 and include joint ventures at share.

<sup>2</sup> Topped up net initial yield includes rent due after expiry of rent-free periods.

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This Trading Update, the most recent Annual Report and other information are available on the SEGRO website at [www.segro.com/investors](http://www.segro.com/investors).

Neither the content of SEGRO's website nor any other website accessible by hyperlinks from SEGRO's website are incorporated in, or form part of, this announcement.

### Forward-Looking Statements:

*This announcement contains certain forward-looking statements with respect to SEGRO's expectations and plans, strategy, management objectives, future developments and performances, costs, revenues and other trend information. These statements are subject to assumptions, risk and uncertainty. Many of these assumptions, risks and uncertainties relate to factors that are beyond SEGRO's ability to control or estimate precisely and which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Certain statements have been made with reference to forecast process changes, economic conditions and the current regulatory environment. Any forward-looking statements made by or on behalf of SEGRO are based upon the knowledge and information available to Directors on the date of this announcement. Accordingly, no assurance can be given that any particular expectation will be met and SEGRO's shareholders are cautioned not to place undue reliance on the forward-looking statements. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), SEGRO does not undertake to update forward-looking statements including to reflect any new information or changes in events, conditions or circumstances on which any such statement is based. Past share performance cannot be relied on as a guide to future performance. Nothing in this announcement should be construed as a profit forecast. The information in this announcement does not constitute an offer to sell or an invitation to buy securities in SEGRO plc or an invitation or inducement to engage in or enter into any contract commitment or other investment activities.*

*Neither the content of SEGRO's website nor any other website accessible by hyperlinks from SEGRO's website are incorporated in, or form part of, this announcement.*

### 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 8.8 million square metres of space (95 million square feet) valued at £17.1 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 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 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.

See [www.SEGRO.com](http://www.SEGRO.com) for further information.