

Document DCO 4.2

# Funding Statement

July 2025

The East Midlands Gateway Phase 2  
and Highway Order 202X and The East Midlands Gateway  
Rail Freight and Highway (Amendment) Order 202X

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## 1 Introduction

### Background

- 1.1 This Statement accompanies the application made by SEGRO Properties Limited ('the DCO Applicant') to the Secretary of State pursuant to Part 5 of the Planning Act 2008 ('PA 2008') for a Development Consent Order ('DCO') for a second phase of its East Midlands Gateway Logistics Park ('EMG1') located to the north of East Midlands Airport.
- 1.2 EMG1 is a nationally significant infrastructure development being a Strategic Rail Freight Interchange ('SRFI') comprising a rail freight terminal and warehousing. It was authorised by The East Midlands Gateway Rail Freight Interchange and Highway Order 2016 (SI 2016/17) ('the EMG1 DCO') and has been substantially completed.
- 1.3 The proposed second phase to EMG1 is referred to as 'East Midlands Gateway 2' or 'EMG2' or the 'EMG2 Project'.

### EMG2 Project

- 1.4 The EMG2 Project comprises three main components:

Main Component	Details	Works Nos.
<b>DCO Application / DCO Scheme</b>		
<b>EMG2 Works</b>	Logistics and advanced manufacturing development located on the EMG2 Main Site south of East Midlands Airport and the A453, and west of the M1 motorway.	DCO Works Nos. 1 to 5 as described in the draft DCO (Document DCO 3.1).
	Together with an upgrade to the EMG1 substation and provision of a Community Park.	DCO Works Nos. 20 and 21 as described in the draft DCO (Document DCO 3.1).
<b>Highway Works</b>	Works to the highway network: the A453 EMG2 access junction works; significant improvements at Junction 24 of the M1 (referred to as the J24 Improvements) and works to the wider highway network including active travel works.	DCO Works Nos. 6 to 19 as described in the draft DCO (Document DCO 3.1).
<b>MCO Application / MCO Scheme</b>		
<b>EMG1 Works</b>	Additional warehousing development on Plot 16 together with works to increase the permitted height of the cranes at the EMG1 rail-freight terminal, improvements to the public transport interchange, site	MCO Works Nos. 3A, 3B, 5A, 5B, 5C, 6A and 8A in the draft MCO (Document MCO 3.1).

	management building and the EMG1 access works.	
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- 1.5 Two concurrent applications are being made for the three component parts of the EMG2 Project.
- 1.6 The first application, the applicant for which is the DCO Applicant, is for a DCO (the 'DCO Application') for the **EMG2 Works** component and the **Highway Works** component. The DCO Application is made pursuant to section 37 of Part 5 of the PA 2008. The EMG2 Works has been confirmed as a nationally significant project for which a DCO is required by the Secretary of State pursuant to a direction made under section 35 of the PA 2008 dated 21 February 2024 (**Document DCO 6.1B**). The Highway Works are a Nationally Significant Infrastructure Project in their own right pursuant to section 22 of the PA 2008.
- 1.7 The second application, the applicant for which is SEGRO (EMG) Limited ('MCO Applicant'), is for a Material Change Order to the existing EMG1 DCO (the 'MCO Application') for the EMG1 Works component. The MCO Application is made pursuant to section 153 and schedule 6 of the PA 2008.
- 1.8 A more detailed description of the EMG2 Project and its components can be found in Chapter 3 of the Environmental Statement ('ES') submitted with the applications (**Document DCO 6.3 / MCO 6.3**).

#### **DCO Application**

- 1.9 The DCO Application provides that, if the DCO is made, it will grant the power to compulsorily acquire interests and rights in, on or over land to facilitate delivery of the DO Scheme. The land over which that power is sought is shown on the Land Plans (**Document DCO 2.2**) and is described in the Book of Reference (**Document DCO 4.3**).

#### **MCO Application**

- 1.10 The MCO Application for the EMG1 Works does not seek to secure powers of compulsory acquisition. The MCO Applicant controls all the necessary land interests to deliver the EMG1 Works.

#### **Scope of this Statement**

- 1.11 Where compulsory acquisition powers are sought, Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 ('2009 Regulations') requires the application to be accompanied by a statement to indicate how an order that contains the authorisation of compulsory acquisition is proposed to be funded.
- 1.12 The DCO, if made, will authorise the compulsory acquisition of interests and rights in, on or over land to facilitate delivery of the proposed development. The MCO Application does not seek powers of compulsory acquisition. This Statement therefore relates only to the proposed DCO Application.
- 1.13 This Statement has been prepared to satisfy the requirement in Regulation 5(2)(h) and should be read alongside the other application documents including the Statement of

Reasons (**Document DCO 4.1**) which sets out the justification for use of compulsory acquisition powers and the compelling case in the public interest for their exercise.

- 1.14 This Statement has also been prepared taking account of the guidance set out in the document titled 'Guidance related to procedures for the compulsory acquisition of land' issued by the then titled Department of Communities and Local Government in September 2013.
- 1.15 The guidance states, in respect of funding statements, as follows:
- "17. Any application for a consent order authorising compulsory acquisition must be accompanied by a statement explaining how it will be funded. This statement should provide as much information as possible about the resource implications of both acquiring the land and implementing the project for which the land is required. It may be that the project is not intended to be independently financially viable, or that the details cannot be finalised until there is certainty about the assembly of the necessary land. In such instances, the applicant should provide an indication of how any potential shortfalls are intended to be met. This should include the degree to which other bodies (public or private sector) have agreed to make financial contributions or to underwrite the scheme, and on what basis such contributions or underwriting is to be made.
18. The timing of the availability of the funding is also likely to be a relevant factor. Regulation 3(2) of the Infrastructure Planning (Miscellaneous Prescribed Provisions) Regulations 2010 allows for five years within which any notice to treat must be served, beginning on the date on which the order granting development consent is made, though the Secretary of State does have the discretion to make a different provision in an order granting development consent. Applicants should be able to demonstrate that adequate funding is likely to be available to enable the compulsory acquisition within the statutory period following the order being made, and that the resource implications of a possible acquisition resulting from a blight notice have been taken account of."
- 1.16 Accordingly, this Statement provides information on how any compulsory acquisition will be funded and the ways in which the development itself may be funded.

## **2 DCO Applicant**

- 2.1 The DCO Applicant is SEGRO Properties Limited (Co. No. 00448911). It is a wholly owned subsidiary of SEGRO PLC, a FTSE 100 company.
- 2.2 The DCO Applicant company is entirely funded by its shareholders and has no external borrowings as at the date of this Statement.
- 2.3 SEGRO PLC ('SEGRO') is a FTSE 100 listed Real Estate Investment Trust (REIT), originally founded in 1920, with net assets of over £12 billion as at 31 December 2024. SEGRO is the largest REIT by net assets listed on the FTSE 100 and made an adjusted pre-tax profit of £470 million in the 2024 financial year.
- 2.4 As of 31 December 2024, SEGRO had a Loan to Value ratio of 28%. The company is funded via a combination of asset recycling, equity, bank debt and corporate bonds and, in 2024, secured over £1.5 billion of new equity and debt financing to further strengthen the financial position of the group and to fund its continued growth.
- 2.5 Funds available to the SEGRO group including the DCO Applicant (excluding cash and undrawn facilities held in joint ventures) at 31 December 2024 totalled £2.3 billion, comprising £536 million of cash and short-term investments and £1.8 billion of undrawn bank facilities provided by the group's relationship banks.

### **3 Land and rights acquisition**

- 3.1 A substantial amount of land and interests required for the DCO Scheme is under the control of the DCO Applicant. However, the draft DCO (**Document DCO 3.1**) submitted with the DCO Application includes powers for the DCO Applicant to:
- 3.1.1 Acquire land in third party ownership;
  - 3.1.2 Acquire new rights over land in third party ownership; and
  - 3.1.3 Take temporary possession and/or use of land in third party ownership to deliver the DCO Scheme.
- 3.2 Further details about the extent of the land affected by compulsory acquisition and the case justifying inclusion of compulsory acquisition powers are contained in the Statement of Reasons accompanying the DCO Application (**Document DCO 4.1**).

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#### 4 Costs of compulsory acquisition

- 4.1 Where it is necessary to utilise compulsory acquisition powers then compensation will be payable. Compensation will be funded by the DCO Applicant in the same way that the DCO Applicant has funded land acquisition costs thus far. The same will apply to any claims for blight that might be submitted, although none are anticipated.
- 4.2 Currently it is envisaged that [35] plots of land may be the subject of compulsory acquisition powers under one or other of the categories referred to in paragraph 3.1 of this Statement. [Some of this land is already the subject of agreements between the third party landowner and the DCO Applicant. Other land is the subject of discussions with a view to the DCO Applicant acquiring the land.] [In addition, the land includes all the land required for [ ] in order that the title can be cleansed.]
- 4.3 Collectively, it is anticipated that acquisition costs payable in respect of the land / rights needed could be in the region of £[ ], based on the experience of the DCO Applicant at EMG1 and other projects. This is assuming values paid for acquisition of land / rights is similar to the values paid in respect of land / interests already secured voluntarily. If the value were to be based on principles of compulsory acquisition compensation, then the amount payable would be substantially less. It is the DCO Applicant's intention to proceed by agreement wherever possible. Due to the commercial sensitivity of the negotiations, it is not proposed to break this figure down further.
- 4.4 [In addition, and as explained in Chapter 7 of the Environmental Statement (**Document DCO 6.7**), there is the prospect of up to [2] claims under the Noise Insulation Regulations 1975 for road traffic noise. It is estimated that these may give rise to a liability in the region of £[ ].]
- 4.5 It is clear from the information in section 2 of this Statement that the DCO Applicant has sufficient funds and resources to fund any compensation which is payable.
- 4.6 In any event, protection for any interests which are to be compulsorily acquired is provided by the DCO Applicant including an article requiring security in respect of payment of compensation in Article 21 of its draft DCO (**Document DCO 3.1**). That article will ensure that no compulsory acquisition can be pursued until appropriate security for the liabilities of the DCO Applicant, as undertaker, to pay compensation in respect of that acquisition has been provided.
- 4.7 The article states:

##### **"Guarantees in respect of payment of compensation**

**21.—**(1) *The undertaker must not exercise a power conferred by articles 22 to 25 or 31 to 33 unless a guarantee or alternative forms of security in respect of the liabilities of the undertakers to pay compensation under the power being exercised is first in place.*

(2) *The form of guarantee or security referred to in paragraph (1), and the amount guaranteed or secured, must be approved by the local planning authority; but such approval must not be unreasonably withheld or delayed.*

(3) *The undertaker must provide the local planning authority with such information as the local planning authority may reasonably require relating to the interests in the land affected by the exercise of the powers conferred by articles 22 to 25 or 31 to 33 for the local planning authority to be able to determine the adequacy of the proposed guarantee or security including—*



(a) *the interests affected; and*

(b) *the undertaker's assessment, and the basis of the assessment, of the level of compensation.*

(4) *A guarantee or other security given in accordance with this article that guarantees or secures the undertaker's payment of compensation under this Part is enforceable against the guarantor or provider of security by any person to whom such compensation is properly payable.*

(5) *Nothing in this article requires a guarantee or alternative form of security to be in place for more than 15 years from the date on which the relevant power is exercised."*

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## **5 Development Funding**

- 5.1 The infrastructure and land costs are together anticipated to be in the region of £[ ], with development costs amounting to approximately £[ ].
- 5.2 The DCO Applicant will fund the development supported by the resources of its parent company, SEGRO, referred to in section 2 above.
- 5.3 The usual funding mechanisms utilised in commercial projects of this nature will also be available to the DCO Applicant should SEGRO wish to diversify its development risk and capital employed in the project. This may include, but is not limited to, the involvement of other investors to fund the development of units or other business models yet to be determined, such as the introduction of a new equity partner. Such funding structures are subject to continuous review in line with the changes in the funding and investment markets. No public funding is envisaged.

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## **6 Conclusion**

- 6.1 The DCO, if made, will authorise the compulsory acquisition of land interests. The MCO Application does not seek to secure a power of compulsory acquisition.
- 6.2 The DCO Applicant will fund the development, including payment for any for any land interests required to deliver the proposed development, supported by the resources of its parent company, SEGRO. This includes any compensation which might be payable should the necessary land interests not be acquired by agreement.
- 6.3 In addition, before compulsory acquisition powers are exercised, a guarantee will be provided by the DCO Applicant as security for its liability, as undertaker, to pay compensation (Article 21 of the draft DCO (**Document DCO 3.1**)).

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**APPENDIX 1**

**LATEST PUBLISHED STATUTORY ACCOUNTS OF THE DCO APPLICANT**

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## APPENDIX 2

### LATEST PUBLISHED STATUTORY ACCOUNTS OF SEGRO PLC

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