

# PRESS RELEASE

2 April 2020

## STATEMENT ON COVID-19

SEGRO plc (“SEGRO” or the “Group”) today updates the market on the impact of the Covid-19 pandemic on its business.

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

“Our primary focus is the health, safety and well-being of our employees, whilst working hard to support our customers and other business partners during this challenging period. The SEGRO team is operational, working at home, with full access to our central systems and communications network.

“Whilst current global events are unprecedented, we anticipate that the structural trends that have been driving occupier demand for high-quality, well located warehouse space will remain intact and may even be strengthened by the crisis, as the importance of logistics supply chains has been thrown into sharp focus in recent weeks.

“We have a very diversified customer base across a variety of sectors, many of whom are involved in the supply of critical goods and services, but we appreciate that current circumstances are placing pressure on the cash flows of some of our customers. Most of these businesses are fundamentally sound and we are working with them to provide appropriate assistance. While it is too early to fully assess the impact of this crisis, the high quality of our portfolio and the strength of our balance sheet means we are well placed to weather the storm caused by the Covid-19 pandemic.”

### **Financial position (See Appendix 1)**

- SEGRO is very well capitalised with a strong balance sheet (26 per cent LTV as at 31 March 2020), high liquidity and significant headroom to its financial covenants:
  - Cash and undrawn facilities of £1.2 billion as at 31 March 2020. The Group has approximately £280 million of capital commitments as at 31 March 2020.
  - Average debt maturity of just under 10 years as at 31 March 2020 and no major maturities before 2023.
  - Rental income would have to fall by 80% or asset values by 64% before any debt covenants are breached.
- The Board has concluded that it is appropriate to proceed with payment of the final dividend of 14.4 pence per share on 1 May 2020, as previously announced.

### **Impact on operations**

- Trading in the early part of 2020, prior to onset of the Covid-19 situation, was encouraging, with rent roll growth tracking ahead of our expectations due to new lettings and pre-lets.
- Our customer base is highly diverse. Many of them are involved in the supply of critical goods and services to businesses and consumers and some are looking for additional space both for immediate occupation and to prepare for longer term growth once the crisis is over.
- There are, of course, some businesses which are fundamentally sound but who are suffering short term cash flow issues. We are currently working, on a case by case basis, with customers across the Group representing approximately a quarter of our total headline rent regarding appropriate relief, primarily through reprofiling the timing of rental payments.

- Approximately half of the Group's headline rental income is payable on the UK quarterly payment days, with rents in Continental Europe payable on a different timetable. For the most recent quarterly payment date, 25 March 2020, 71 per cent of the rent due has been paid, and around 25 per cent is subject to reprofiling discussions. At the equivalent stage last year, 96 per cent of the rent had been paid.
- The delivery of most development projects scheduled for completion during 2020 will be delayed due to government measures taken to combat the virus, as well as constraints in securing materials and/or labour for our construction sites.
- It is inevitable that there will be some negative effects on earnings in the short term, and it is currently not possible to quantify this as it is dependent upon evolution of the pandemic, the duration and extent of the measures put in place to combat it, and the nature, extent and effectiveness of government support to the sectors of the economy most affected.

### **Assisting our local communities**

- We remain committed to supporting our local communities, health services and other stakeholders across the UK and Europe during this difficult period. We have already provided rent-free space to a number of food bank charities and are working with local authorities to help establish community hubs on some of our estates, to help ensure that food and supplies are able to reach the vulnerable members of the neighbourhoods in which we operate.
- We are working closely with our local community partners across the business to determine appropriate further support in the coming months.

### **Annual General Meeting ("AGM") and final dividend**

SEGRO's AGM is due to take place on 21 April 2020. In accordance with the Company's Articles of Association and given the Covid-19 situation, in particular the compulsory measures (the Stay at Home Measures) published by the Government on 23 March 2020 prohibiting public gatherings of more than two people, regrettably shareholders will not be able to attend the AGM in person. We will make arrangements to ensure that the legal requirements to hold the meeting can be satisfied and the format of the meeting will be purely functional: the meeting will comprise only the formal votes without any business update.

Shareholders are therefore strongly encouraged to vote on all of the resolutions online or by appointing the Chair of the AGM as a proxy in advance of the meeting (appointing the Chair of the AGM as proxy, rather than another named person, ensures your vote will be counted in the meeting). Please refer to the Shareholder Information provided in the Notice of AGM for instructions on how to vote online or by proxy. Questions can be raised before the meeting by sending them to [companysecretariat.mailbox@SEGRO.com](mailto:companysecretariat.mailbox@SEGRO.com) and they will be responded to in writing. This situation is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. If it is necessary to provide shareholders with further information about the AGM, or notify them about any alternative arrangements, we will do so on our website ([www.SEGRO.com](http://www.SEGRO.com)) and, where appropriate, by RNS announcement.

The final dividend of 14.4 pence per share is due to be paid on 1 May 2020, subject to approval at the AGM. Whilst we expect to be able to hold the AGM in the way envisaged above, if for whatever reason we are not able to, then the directors have the authority to pay the proposed final dividend as an interim dividend instead, which would not require the approval of shareholders. Any such changes to the proposed final dividend will be announced by RNS.

The final dividend has a maximum cash requirement of approximately £158 million. As in previous years, a scrip dividend alternative is offered and the price has been set at 720.16 pence per share.

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

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## Appendix 1: Strong and liquid financial position

### Debt structure for SEGRO and SELP

	SEGRO Group	SELP at share	Consolidated
Net debt at 31 March 2020 <sup>1</sup> (£m)	2,076	715	2,791
Available cash and undrawn facilities <sup>1</sup> (£m)	981	194	1,175
Average duration of debt (years) at 31 March 2020	10.9	5.1	9.4
Loan to value ratio (%) at 31 March 2020 <sup>2</sup>	24	36	26

1 Provisional figures

2 Estimated. Calculated using the provisional net debt position at 31 March 2020 and asset values at 31 December 2019, updated for exchange rate movements, acquisitions and disposals.

### Main financial covenants<sup>1</sup>

	Covenant	Actual	Estimated headroom
<b>SEGRO</b>			
Balance sheet gearing (net debt / equity)	160%	23%	64% decline in property values
Interest cover (net rental income / net interest)	1.25x	6.2x	80% reduction in net rent
<b>SELP</b>			
Loan to value ratio	60%	35%	42% decline in property values
Interest cover (EBITDA / net interest)	1.5x	6.2x	76% reduction in EBITDA

1 As at 31 December 2019. Covenants vary across debt instruments and the tightest covenants are shown in each case.

### Debt Maturity Profile, £m

	SEGRO		SELP (at share)	
	Term debt	RCF <sup>1</sup>	Term debt	RCF
2020	0	0	26	0
2021	79	0	0	0
2022	39	3	0	28
2023	0	10	220	22
2024	82	134	0	0
2025 onwards	1,779	0	443	0
<b>Gross debt</b>	<b>1,979</b>	<b>147</b>	<b>689</b>	<b>50</b>
Cash and cash equivalents	(50)		(24)	
<b>Net debt</b>	<b>2,076</b>		<b>715</b>	

1 The main SEGRO RCF of €1.1 billion expires in 2024

### Notes:

- Figures are stated on a proportionally consolidated basis of SEGRO wholly-owned properties and its share of joint ventures except where stated
- The exchange rate used in this document is €1.13 : £1
- Further information on our portfolio can be found in the FY 2019 Property Analysis Report available at [www.segro.com/investors](http://www.segro.com/investors)

**ENDS**

**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 to reflect any 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 or an invitation or inducement to engage in any other investment activities.

**Notes to editors:**

**ABOUT SEGRO**

SEGRO is a UK Real Estate Investment Trust (REIT) and listed on the London Stock Exchange in the FTSE 100 index. It is a leading owner, manager and developer of modern warehouses and light industrial property with a portfolio comprising 7.8 million square metres of space (84 million square feet), valued at £11.7 billion as at 31 December 2019. Its assets are positioned strategically at locations in the UK across London and the South-East and Midlands regions, while in Continental Europe it has developments in France, Germany, Italy, Poland, Spain, The Netherlands and the Czech Republic.

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.