

Defining the data centre opportunity



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DEFINING THE URBAN
WAREHOUSE OPPORTUNITY
Investor & Analyst Day

SEGRO has the track record, expertise and a significant opportunity in the high growth data centre market



Almost **20 years** of experience in creating **Europe's largest data centre hub**.



Established relationships with major co-locators and hyperscalers.



1.2 GW of capacity can be delivered over the next **10 years** – equating to potential rent **c£200m**.



Dark/powered shell approach is our **base case** but open to all models.



A market with huge growth potential

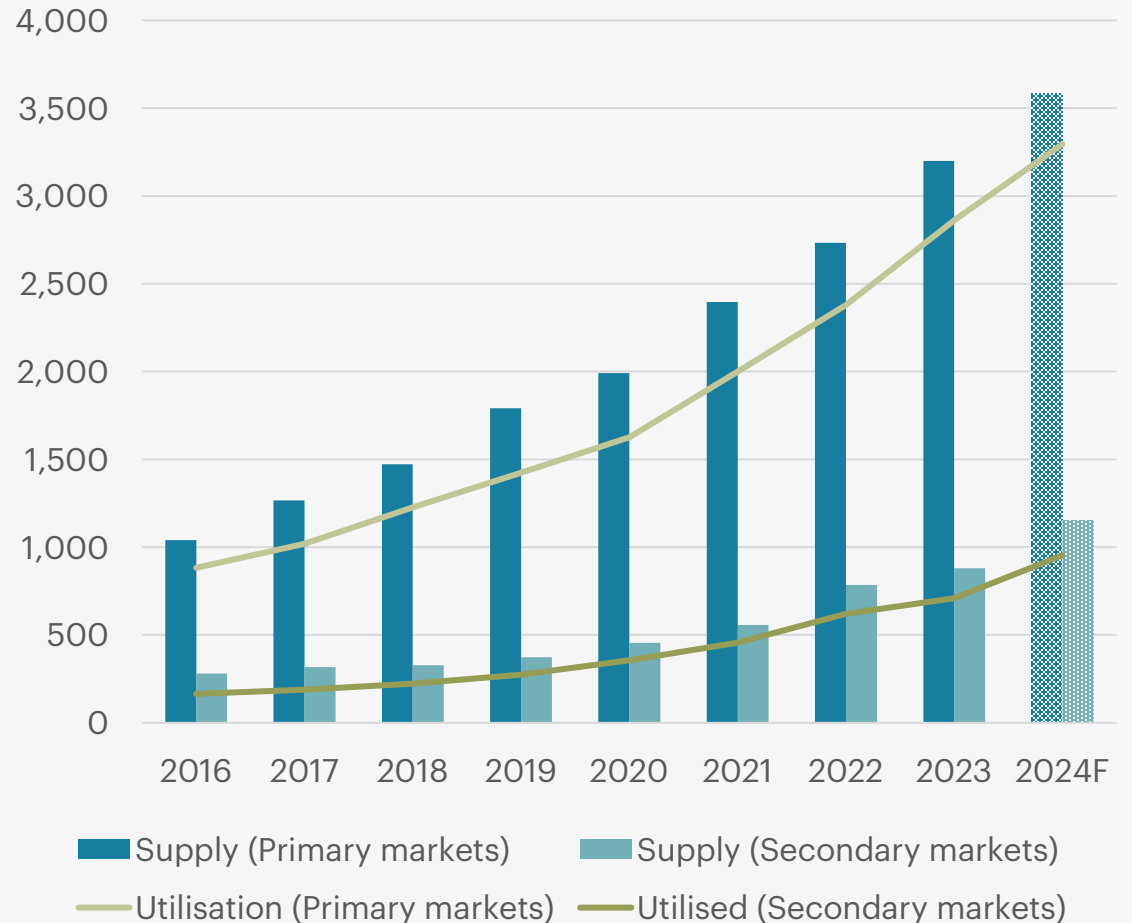
Driven by **rising data consumption** and the **ongoing cloud transition**.

- FLAP-D market has **doubled in size** since 2018 (to 3.3 GW)¹.
- Demand has focused on **Availability Zones**.
- **Cloud-linked** data centres will continue to focus on existing and emerging **Availability Zones**.

Artificial Intelligence is super-charging demand for data.

- **Inference AI** (user-related) likely to continue to focus on existing and emerging **Availability Zones**.
- **Generative AI** (machine-learning) may take place in more **remote locations**.

European market supply and utilisation¹



1. Source: CBRE Research, Q1 2024. Primary markets: Frankfurt, London, Amsterdam, Paris, Dublin. Secondary markets: Berlin, Brussels, Madrid, Milan, Munich, Oslo, Stockholm, Vienna, Warsaw, Zurich.

Almost 20 years of experience in the data centre market

First data centre lease was signed on the **Slough Trading Estate in 2005.**

Slough is now home to **Europe’s largest cluster of data centres.**

SEGRO’s first **multi-storey** data centre was built in 2018.

All of our data centres are **dark shells** – SEGRO developed and leases the building (with an allocation of power) to data centre operators, such as:



34

Data centres
(30 in Slough)

£51m

Headline rent¹
(7% of Group)

17 years

WAULT¹
(to break)

1. As of 31 March 2024.

The secrets to the Slough Trading Estate's success

Proximity

Located in major **Availability Zones** for latency and resilience.

Access to **established** fibre optic and sub-sea cables.



Power

Private and resilient power network.



Planning

Strong relationship with the Slough Borough Council.

Simplified Planning Zone (SPZ) offers a significant competitive advantage in **Slough**.



There are a number of real estate strategies...

CAPITAL REQUIREMENT, OPERATIONAL COMPLEXITY AND RISK

Characteristics:	Powered land	Dark/powered shell	Fully fitted	Colocation
Source land, power and planning	✓	✓	✓	✓
Build shell	✗	✓	✓	✓
Complete fit-out	✗	✗	✓	✓
Operate and maintain	✗	✗	✗	✓
Leasing risk	None	Pre-let	Speculative or pre-let	Speculative or pre-let
Capital intensity	Low	Medium	High (8-10x)	High (8-10x)
Pricing model	Per acre	Per sq m	Kw per month	Kw per month

Core real estate activity

...SEGRO’s strategy, to maximise risk adjusted return, is focused on the dark/powered shell model.

...leased to three main customer types

Enterprise

Private data centres.

Mostly used by telecommunications companies and financial services.

Proximity to end user is important.



Morgan Stanley



Co-locators

Fully-fitted out space leasing to other businesses (including hyperscalers).

Offer control, cost efficiency and scalability.

Demand driven by Cloud transition and data usage so focused on major Availability Zones.



Hyperscalers

Huge data centres focused on processing power and scalability for high-tech businesses and applications.

Demand driven by Cloud and increasingly Artificial Intelligence.



SEGRO opportunity located in key Availability Zones across UK and Continental Europe

24

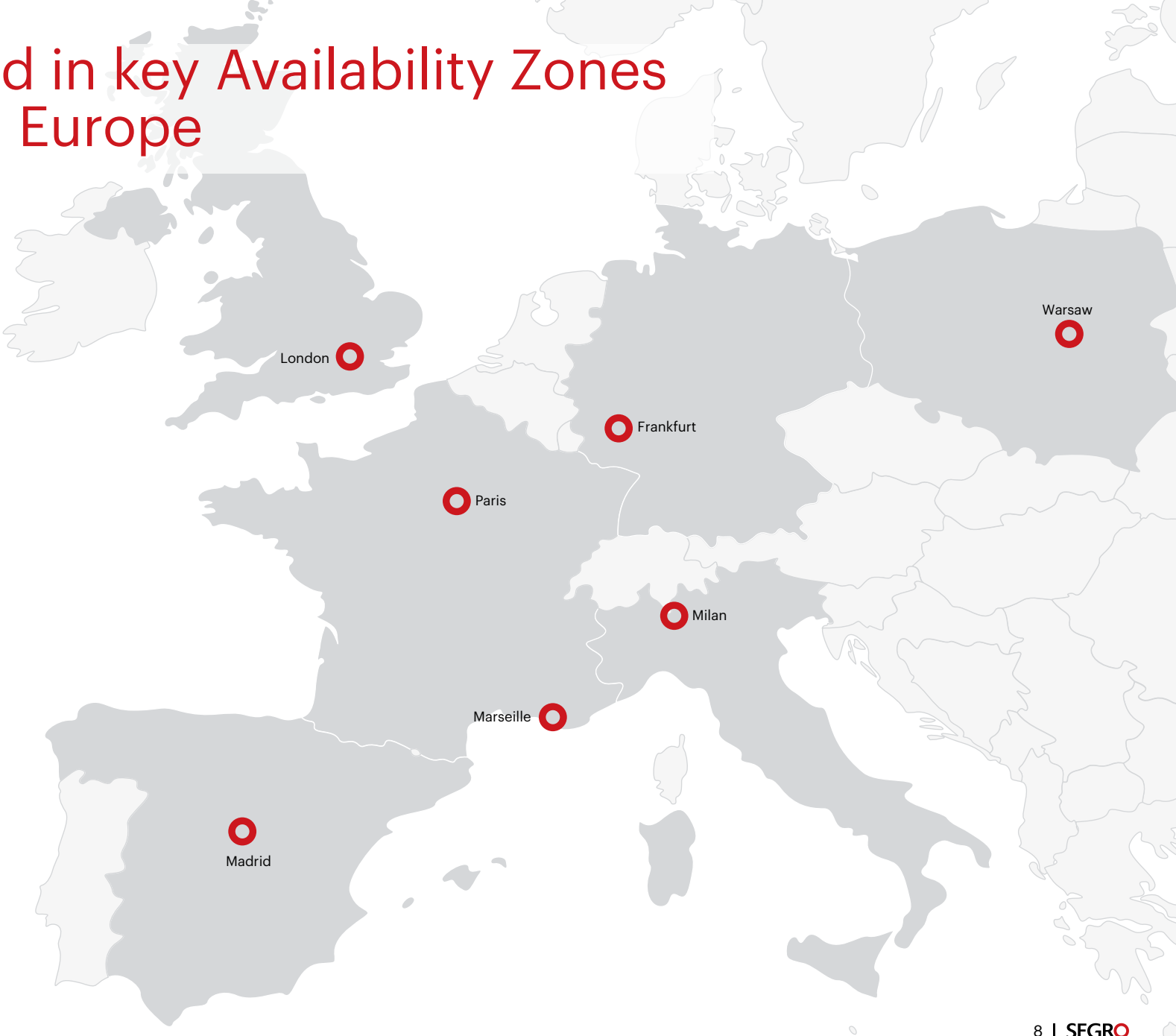
potential sites¹

17

in the UK, mostly Slough

7

Continental Europe



1. As of 31 March 2024. Development pipeline and redevelopment of existing assets.

Our strategy to capture c£200m of additional rental opportunity

Focus on our **existing markets** which are located in key Availability Zones.

Targeting demand driven by Cloud and Inference AI.

Execution strategy:

- Preferred model is dark/ powered shells.
- Sale of powered land where long-term value can be captured upfront.
- Exploring other models to maximise value on a case-by-case basis.



1.2GW

Potential new capacity by 2034
(70 per cent secured)²

c£200m

Additional rent opportunity¹
(incl landbank and redevelopment)

8-12%

Yield on cost¹

1. Assuming dark/powered shell model only.

Case study: Ajax Avenue, Slough Trading Estate



72,500 sq ft of 1960s multi-let terraced warehouses



Re-located customers to other parts of the portfolio



Completed three multi-level data centres, equating to over 400,000 sq ft of space in December 2023



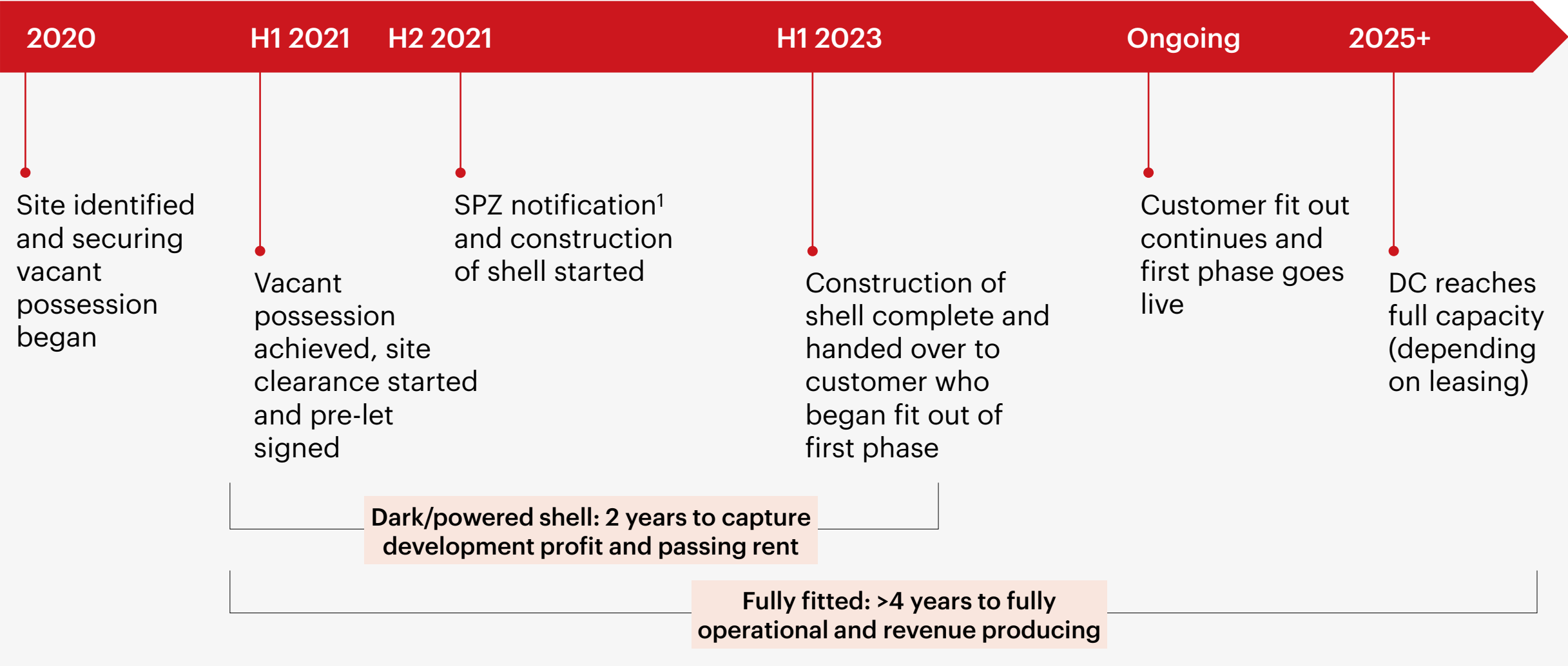
Lease signed with Global Technical Realty for 25-year term



Significant increase in rent and lettable area



Case study: Ajax Avenue, Slough Trading Estate



1. Simplified Planning Zone. Due to this arrangement specific planning permission was not required.

Both SEGRO and data centre operators are mindful of the ESG challenges

SEGRO

- Bespoke data centres developed to the same high sustainability standards as our industrial assets.
- Green Lease clauses to increase use of renewable energy.
- Data Centre Community Investment Plan (CIP) to benefit community around the Slough Trading Estate.

Data centre operators

- Climate Neutral Data Centre Pact established to combat climate change.
- Focusing on improving power usage effectiveness, sourcing clean energy, limiting water usage and reducing waste.
- Data centres provide direct and indirect high-quality employment both during construction and operation.



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Q&A



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