

22 April 2021

## SEGRO plc

### Trading Update

SEGRO plc (“SEGRO” or the “Group”) today publishes a trading update for the period from 1 January 2021 to 21 April 2021<sup>1</sup>.

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

“2021 has started well for SEGRO, with our ongoing active asset management strategy and continued strong occupier demand enabling us to sign £18 million of new headline rent during the quarter by capturing reversionary potential on the existing portfolio, alongside securing new pre-lets on developments.

“Our expanded, de-risked development programme now comprises 1.3 million sq m of new space either under construction or in advanced discussions. We have also been able to secure further land to extend our future development pipeline.

“Our sector continues to benefit from highly supportive and structural tailwinds and we therefore remain confident in the outlook for the business as well as our ability to drive further sustainable growth in rental income, earnings and dividends over the coming years.”

#### **Continued strong leasing performance and capture of reversionary potential (Appendix 1)**

- £18.0 million (Q1 2020: £14.3 million) of new headline rent<sup>2</sup> signed during the quarter. We saw a small increase in the vacancy rate to 4.4 per cent (31 December 2020: 3.9 per cent) largely driven by us taking back space for refurbishment in our highly sought after London and Paris portfolios.
- New headline rents on review and renewal up more than 12 per cent on previous passing rent as ongoing asset management continued to capture reversionary potential from our existing portfolio. Customer retention remains high at 82 per cent, reflecting our high-quality assets in prime locations and our focus on excellence in customer service.
- £11.3 million (Q1 2020: £5.7 million) of new, unconditional pre-let agreements and lettings of speculative developments prior to completion. These included pre-lets in France, Italy and Poland and a further big box warehouse at SEGRO Logistics Park – East Midlands Gateway in the UK.
- 14,200 sq m (Q1 2020: 105,200 sq m) of new developments completed, capable of generating £0.7 million (Q1 2020: £9.4 million) of headline rent, 86 per cent which has been let. During 2021 as a whole we expect to complete over 800,000 sq m of new space (2020: 835,900 sq m), of which 82 per cent has been pre-leased.

## **£87 million of potential new headline rent from 1.3 million sq m of new space under construction or in advanced discussions**

- At 31 March 2021, over 1.1 million sq m of space was under construction, equating to potential future headline rent of £67 million (31 December 2020: 838,100 sq m, £54 million) of which 71 per cent has been secured (31 December 2020: 66 per cent). Once complete and fully let, the pipeline is expected to generate a yield on total development cost of approximately 6.5 per cent.
- Additional 'near-term' pre-let projects equating to 170,500 sq m of space with potential capex of £184 million and associated rent of £20 million are expected to commence in the coming months.

## **Net investment of £180 million with the majority of spend focused on our development pipeline (Appendices 2 and 3)**

- Investment activity continues to focus on delivering the current development pipeline and securing land for near-term projects. £143 million invested in development capex in the first quarter with total investment for 2021 still expected to exceed £700 million.
- A further £20 million of land for future development was acquired and we disposed of a small land plot in Poland that was unsuitable for industrial development.
- Investment acquisitions during the period totalled £17 million, consisting of two urban warehouse assets in France (one in Paris and one in Lyon), both of which were vacant on acquisition and will be redeveloped. There were no asset disposals.
- Since the period-end we completed the acquisition of the remaining shares in Sofibus Patrimoine, such that we now own 100 per cent of its share capital and it has been de-listed from Euronext Paris.

## **Balance sheet positioned to support further development-led growth**

- Net debt (including our share of debt in joint ventures) at 31 March 2021 remained stable at £3.0 billion (31 December 2020: £3.1 billion).
- This equates to a pro forma<sup>3</sup> look-through LTV of 23 per cent (31 December 2020: 24 per cent).

## **Financial calendar**

The 2021 half year results will be published on Thursday 29 July 2021.

<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, 31 March unless otherwise indicated. The exchange rate applied is €1.17:£1 as at 31 March 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 31 December 2020, adjusted for acquisitions, disposals and other capital expenditure during the first quarter.

## Appendices

### 1. Leasing data for the period to 31 March<sup>1 2</sup>

		Q1 2021	Q1 2020
Take-up of existing space (A)	£m	3.3	4.4
Space returned <sup>2</sup> (B)	£m	(6.1)	(4.1)
<b>NET ABSORPTION OF EXISTING SPACE (A-B)</b>	<b>£m</b>	<b>(2.8)</b>	<b>0.3</b>
Other rental movements (rent reviews, renewals, indexation) (C)	£m	2.1	2.4
<b>RENT ROLL GROWTH FROM EXISTING SPACE</b>	<b>£m</b>	<b>(0.7)</b>	<b>2.7</b>
Take-up of developments completed in the period – pre-let space (D)	£m	0.3	5.0
Take-up of speculative developments completed in the past two years (E)	£m	1.3	3.4
<b>TOTAL TAKE UP (A+C+D+E)</b>	<b>£m</b>	<b>7.0</b>	<b>15.2</b>
Less take-up of pre-lets and speculative lettings signed in prior periods	£m	(0.3)	(6.6)
Pre-lets and lettings on speculative developments signed in the period for future delivery	£m	11.3	5.7
<b>RENTAL INCOME CONTRACTED IN THE PERIOD<sup>2</sup></b>	<b>£m</b>	<b>18.0</b>	<b>14.3</b>
Take-back of space for redevelopment	£m	(1.1)	(0.3)

<sup>1</sup> All figures reflect headline rent (annualised gross rental income, after the expiry of any rent-free periods), exchange rates at 31 March 2021 and include joint ventures at share.

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

### 2. Acquisitions completed during the three months to 31 March 2021

Asset location / type	Purchase price <sup>1</sup> (£m, SEGRO share)	Net initial yield (%)	Topped-up net initial yield <sup>2</sup> (%)
Continental Europe: Urban warehouses	17.3		Vacant on acquisition
Continental Europe: Land	19.7	n/a	n/a
<b>Total acquisitions during the quarter</b>	<b>37.0</b>	<b>n/a</b>	<b>n/a</b>

<sup>1</sup> Excluding acquisition costs; purchase price reflects exchange rate at 31 March 2021 and includes joint ventures at share.

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

### 3. Disposals completed during the three months to 31 March 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: Land	0.4	n/a	n/a
<b>Total disposals during the quarter</b>	<b>0.4</b>	<b>n/a</b>	<b>n/a</b>

<sup>1</sup> Proceeds reflect exchange rate at 31 March 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 £15.3 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.

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