



SEGRO's urban strategy



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DEFINING THE URBAN
WAREHOUSE OPPORTUNITY
Investor & Analyst Day



Our UK urban strategy



James Craddock
Managing Director UK, SEGRO

Major cities benefit more from compelling structural tailwinds

Growing population
and changing
demographics

High levels of
business activity

Restricted/
shrinking land
supply

Old road networks
and traffic
congestion



Our strategy to drive superior returns from our urban portfolio



An **irreplaceable** portfolio managed by a **market-leading operating platform**.



Active asset management to build customer engagement and grow rent roll.



Refurbishment and redevelopment is delivering new space at top rents.

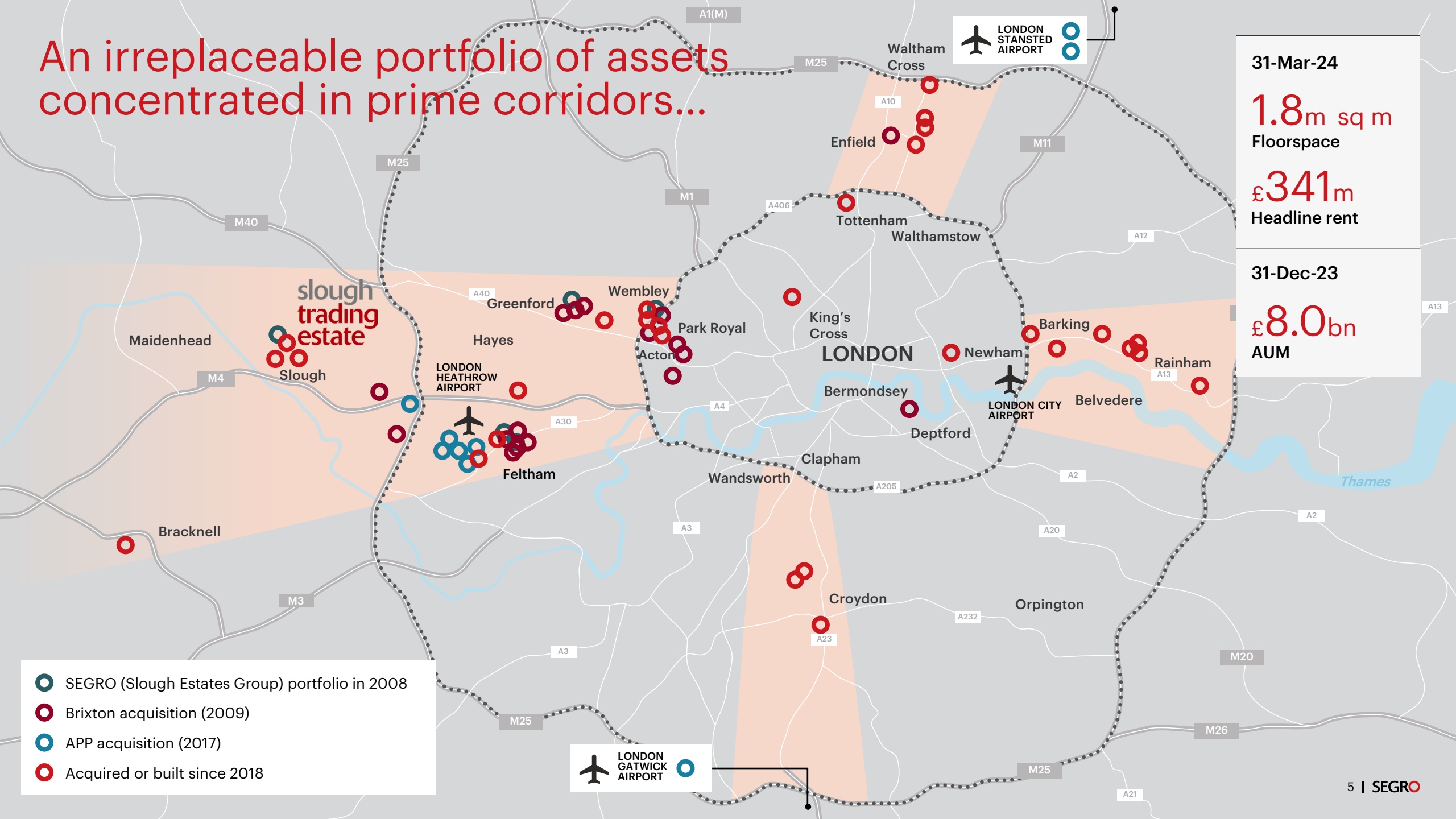


Additional opportunity from our **well-located landbank**.



SEGRO Park Hayes, London

An irreplaceable portfolio of assets concentrated in prime corridors...



31-Mar-24

1.8m sq m
Floorspace

£341m
Headline rent

31-Dec-23

£8.0bn
AUM

- SEGRO (Slough Estates Group) portfolio in 2008
- Brixton acquisition (2009)
- APP acquisition (2017)
- Acquired or built since 2018

... and built to the highest specification



Creating value through active asset management

- Create long-term plans for each asset which are updated annually.
- Strategy will depend on the age or specification of the estate and units within it.
- Lease events as opportunities to create value.
- Execution may result in periods of increased vacancy within specific pockets of portfolio.

Determining the best approach for each asset



Progress rents and capture reversion



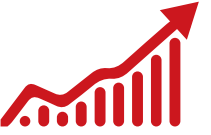
Refurbish



Redevelop/Recycle



Driving the best returns from our prime assets...



Modern estates with the highest specification space, focus on driving the best returns.

Strategy:

- Use lease events to progress rents and capture reversion.
- Build customer relationships and insights to create additional opportunities for growth.
- Help customers to reduce their operating carbon emissions.

Capital requirement:

- Little to none.

137

Lease events
signed in 2023¹

40%

Uplift on
rent reviews
and renewals
in 2023¹

£95m

Reversionary
potential²

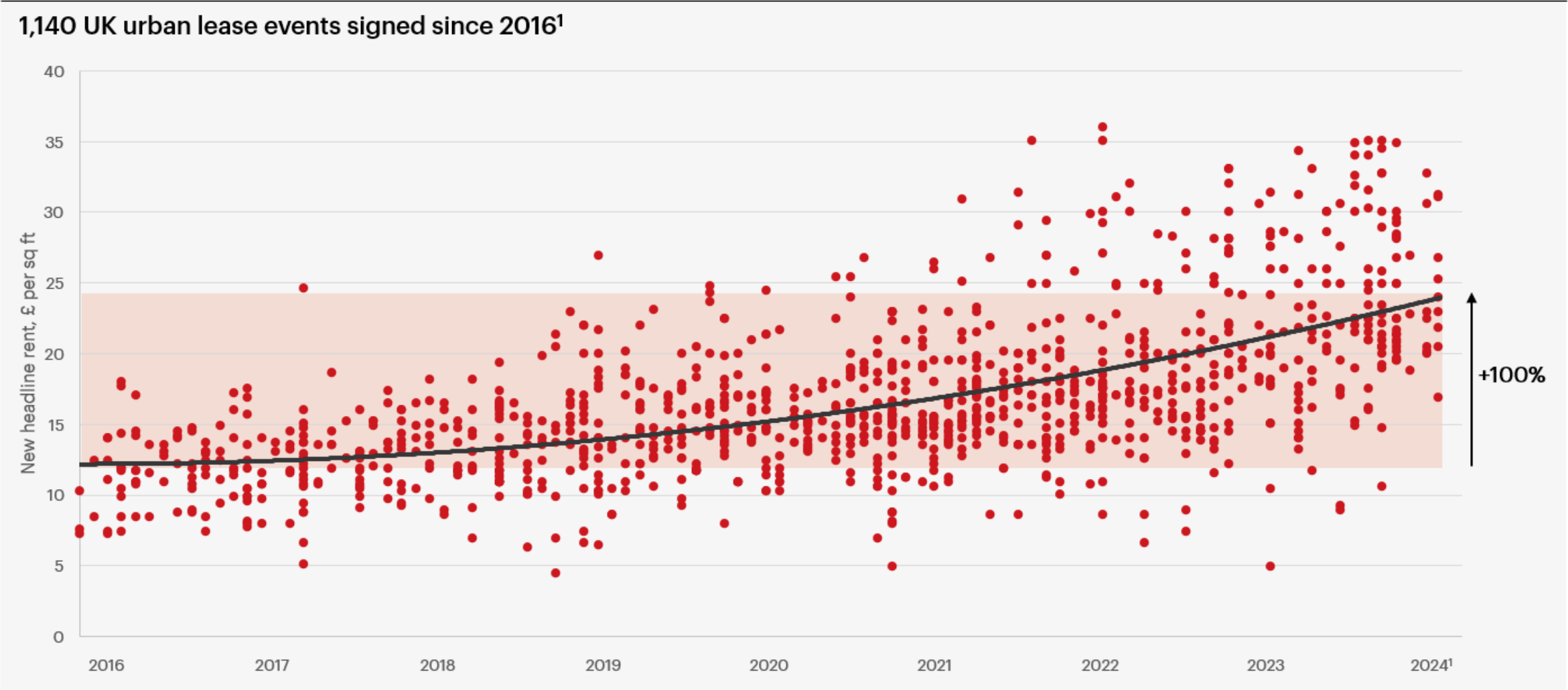
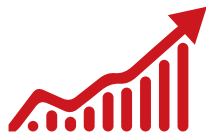


SEGRO Park Tottenham

1. UK urban. Lease events include reviews, renewals and regears.

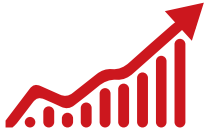
2. Reversion is the difference between contracted headline rent and ERV. Headline rent as at 31 March 2024 and ERV based on 31 December 2023 valuations.

... and consistently growing rents

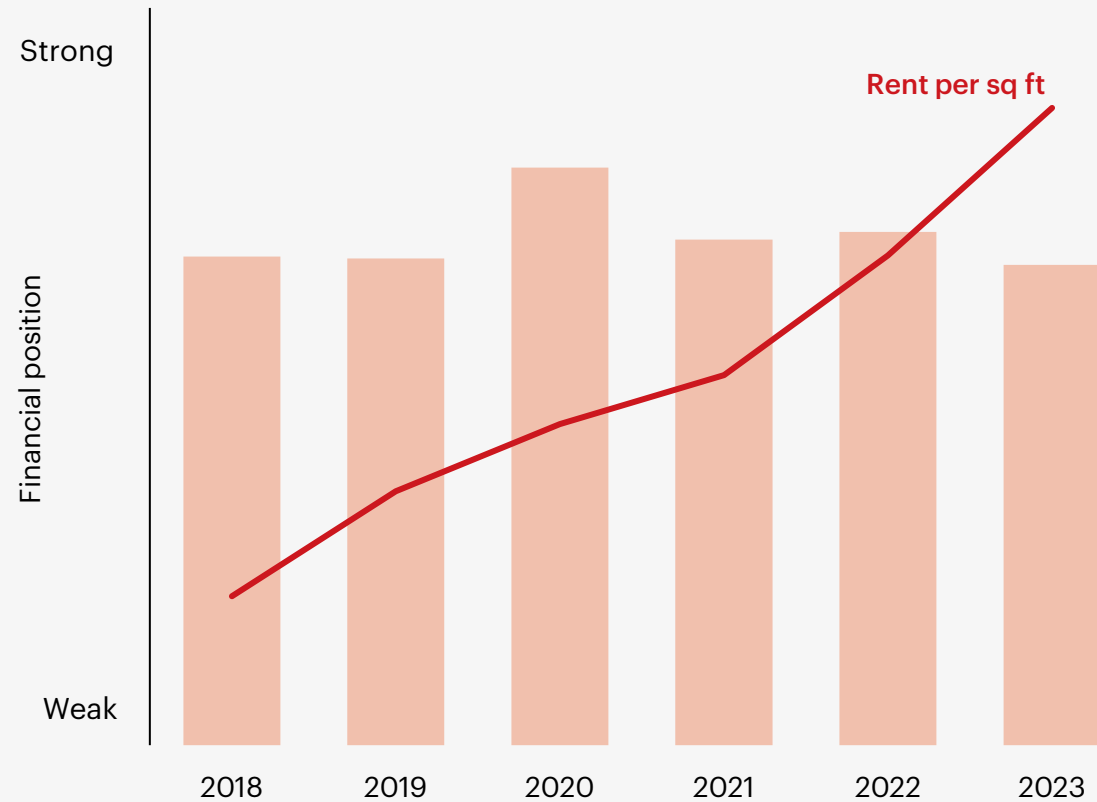


1. Each dot represents new £ headline rent per sq ft, at a lease event. Black line represents regression line of best fit. 2024 data is up until 31 March 2024.

Financial position of our customers has kept pace with growing rents



London customer financial position vs rent per sq ft¹



- We analyse every customer's financial position prior to signing any new lease, including:
 - Occupancy costs (over the term of the lease) versus revenue and net assets
 - Financial leverage
- Financial position and ability to service occupancy costs have remained very consistent despite the significant rental growth

Repositioning assets through refurbishment



Well configured and located estates with older assets that would benefit from modernisation, also includes wider estate improvements.

Strategy:

- Use lease events as an opportunity to takeback units.
- Refurbish to high sustainability standards and capture super-prime rents.

Capital requirement:

- Anticipate spending £40 million per annum¹ on building and estate refurbishment.



1. 0.5% of UK urban portfolio value.

Delivering new super-prime space through redevelopment



Opportunities to redevelop older but well-located assets into new, high-value, modern space (including data centres).

Strategy:

- Asset management to achieve vacant possession and bring forward for phased redevelopment or sale.
- Carefully consider use of materials to reduce embodied carbon.

Capital requirement:

- Targeting same returns as a new development (6-8% typical development yield, higher for data centres).



Case study: Creating value at Premier Park

41%

Average uplift on rent reviews and renewals (2019-2024)

STUDIOS

DHL

Royal Mail IHSS

NEXT BAKKAVÖR

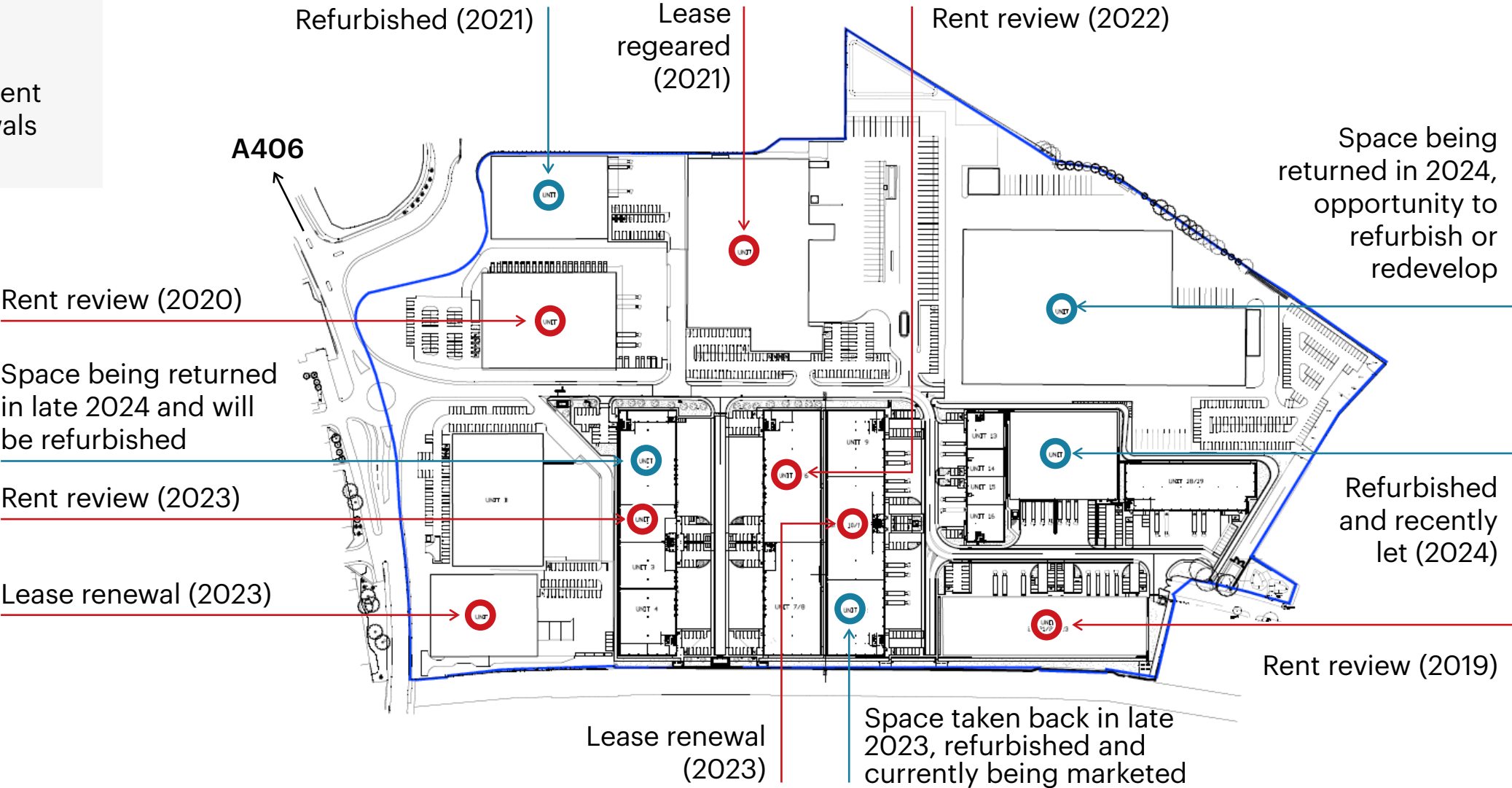
PAGANI

brakes
a Sysco company

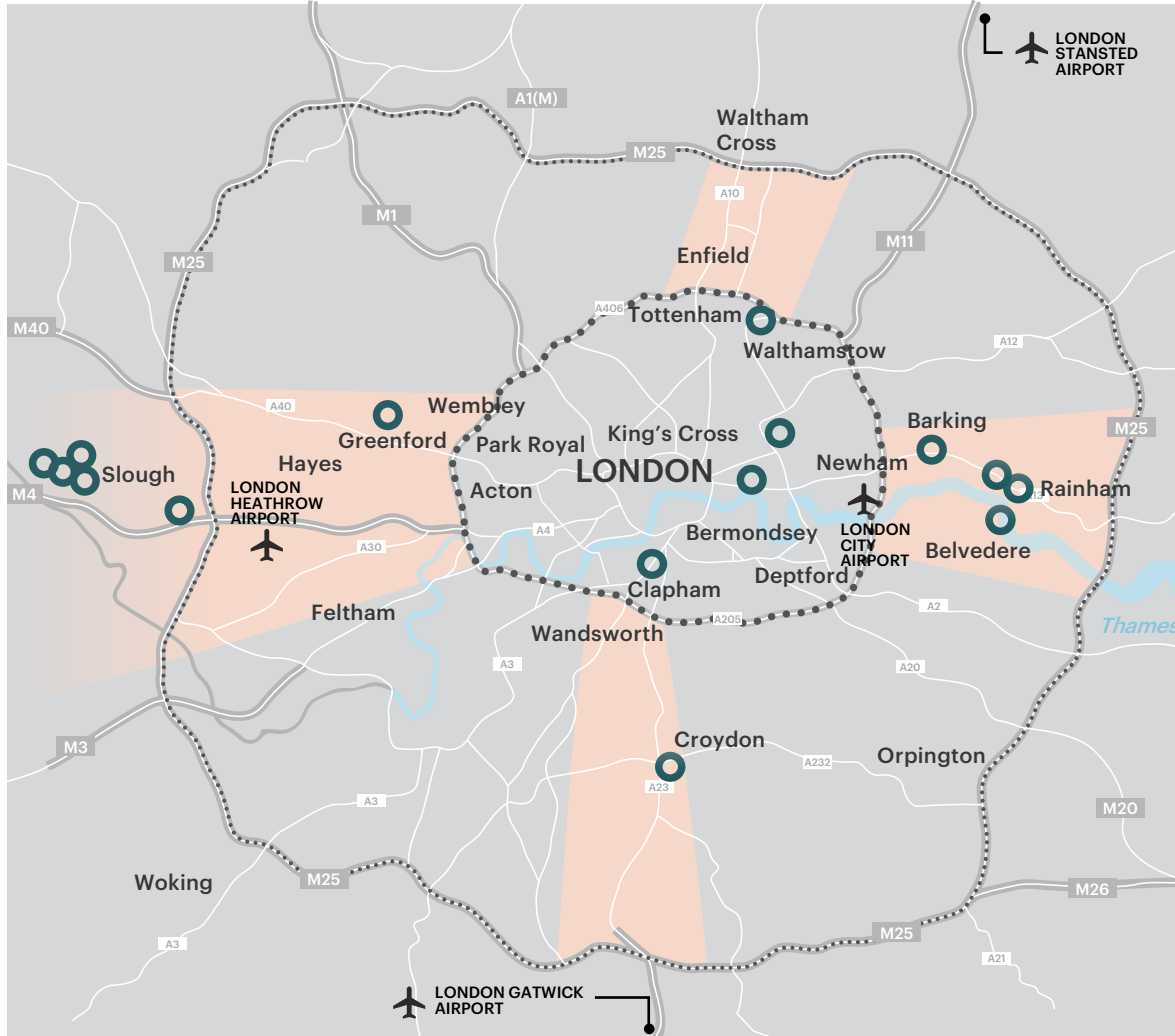
ithpharma

Anthony Wood Thomas

Topaz



Further £159 million rental upside from development



- Land is scarce and requires local knowledge and strong relationships to source.
- Acquired a number of older industrial assets for redevelopment.
- Typically developing on brownfield sites, huge opportunity to create broader stakeholder value.

£159m

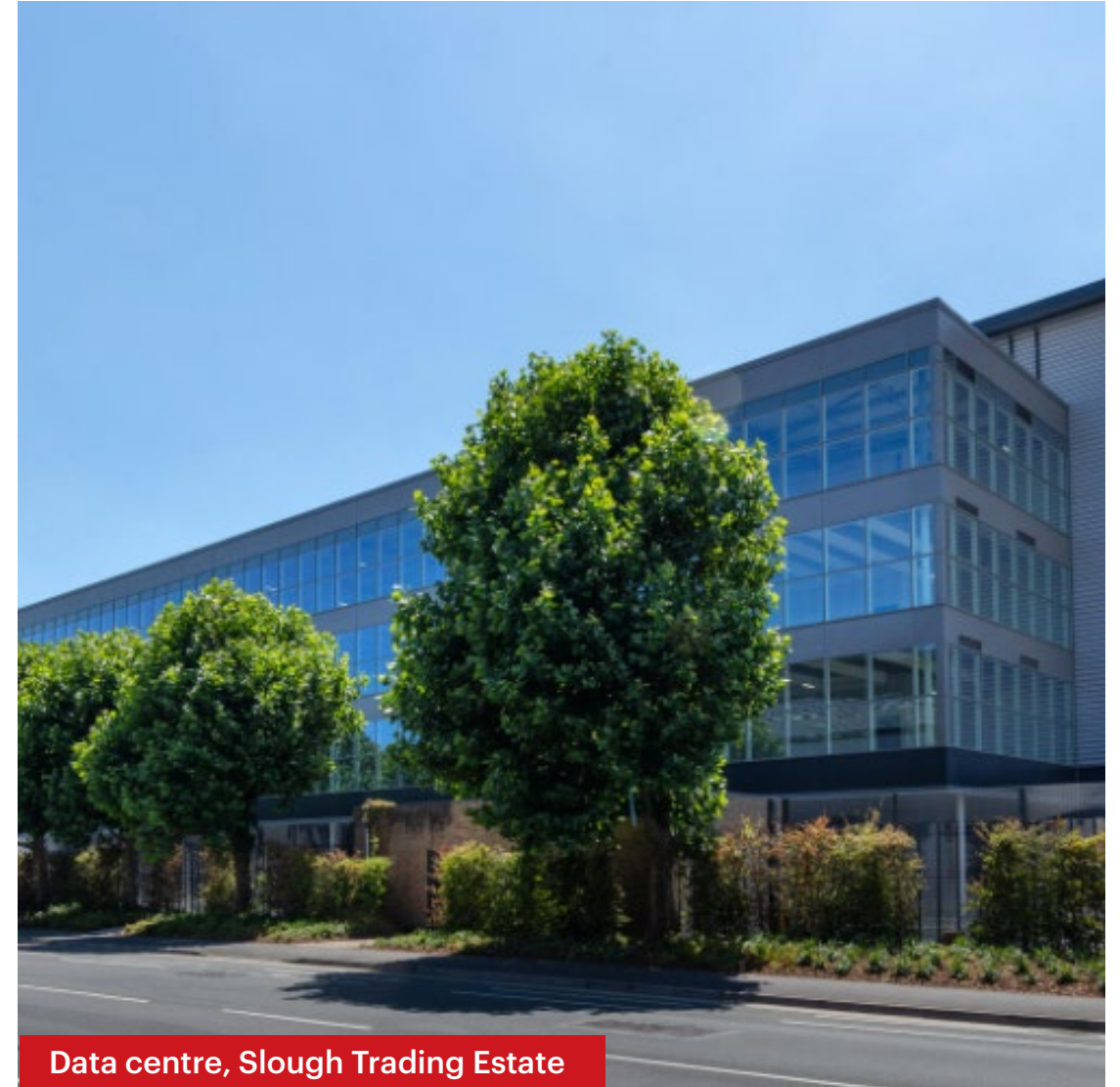
Potential rent from development¹

6-8%

Anticipated development yield

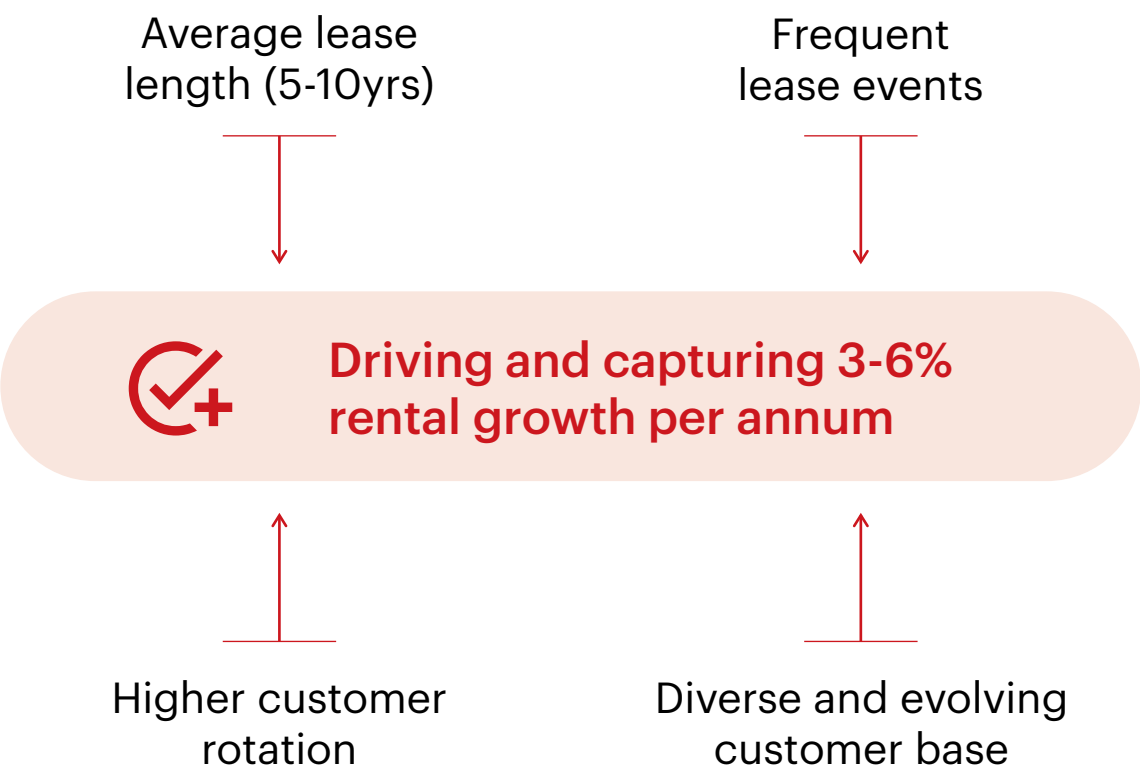
1. Including land and options.

Making the most of limited land available through intensification

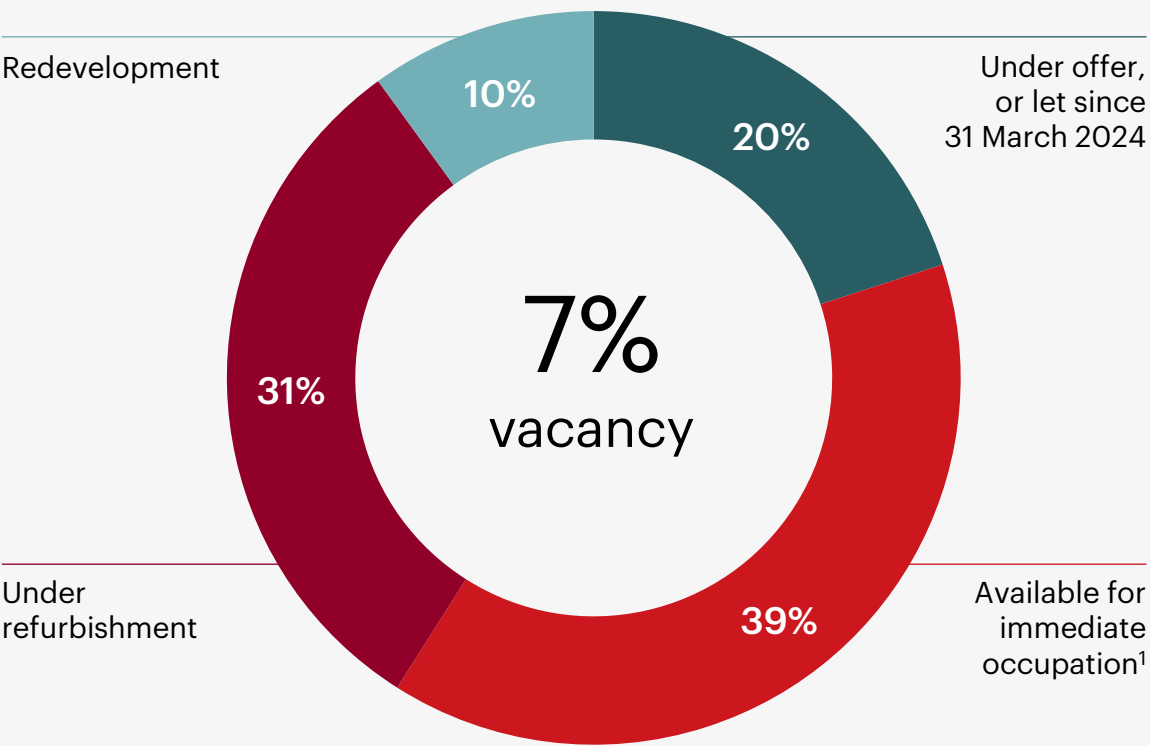


Higher rental growth opportunity from urban portfolio

Driving rents in our urban portfolio



UK urban vacancy analysis, as at 31 March 2024



1. Developments completed speculatively in the last two years account for 36% of the space available for immediate occupation.

Potential to double rental income from our UK urban portfolio



1. Including uplift from expiry of rent-free periods, letting of vacant space and reversion capture.
2. Redevelopment over next 5 years.

Our strategy to drive superior returns from our urban portfolio



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Active asset management to build customer engagement and grow rent roll.



Refurbishment and redevelopment is delivering new space at top rents.



Additional opportunity from our **well-located** landbank.



SEGRO Park Rainham



Our **Continental** **European** urban strategy



Marco Simonetti

Managing Director Continental Europe, SEGRO



**DEFINING THE URBAN
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Bringing urban warehousing to Continental Europe



Underlying trends are similar in European cities, but they **present themselves differently**.



Apply the **knowledge and insights** gained in the UK and **adapt strategy** for each local market.



Create **flexible** space suited to a **wide range** of potential occupiers.



First mover advantage in the most attractive urban markets on the Continent.



SEGRO Park Roissy

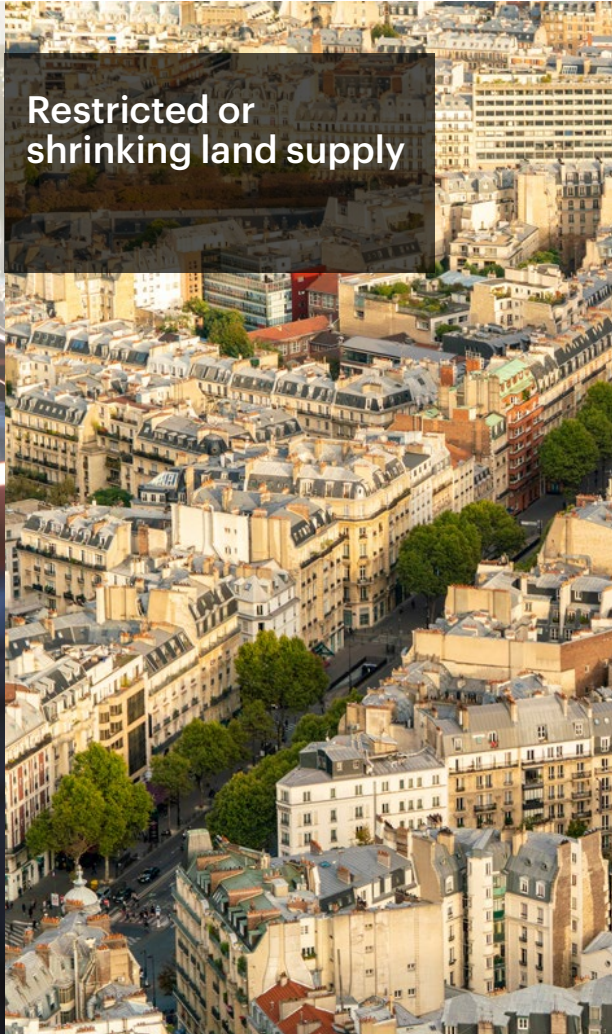
Underlying tailwinds in European urban markets are similar....

Growing populations
and changing
demographics
in major cities

Restricted or
shrinking land supply

























High levels of
business activity

Old road networks
and congestion



... but present themselves differently in each major city

Illustrative comparison of our key cities¹

	Population density	Business activity	Congestion (difficulty of movement)	Shortage of land	Digitalisation (e-commerce)	Industrial market maturity	SEGRO Urban average ERV ² per sq m
London							£243
Paris							£105
Düsseldorf							£87
Warsaw							£63

1. SEGRO analysis.
2. As at 31 December 2023.

Leading to an urban portfolio focused exclusively on Europe's largest cities

£2bn



AuM¹

£109m

Headline rent²

56

Number of estates²

-  Cities with urban assets
-  Cities with urban assets & SEGRO offices



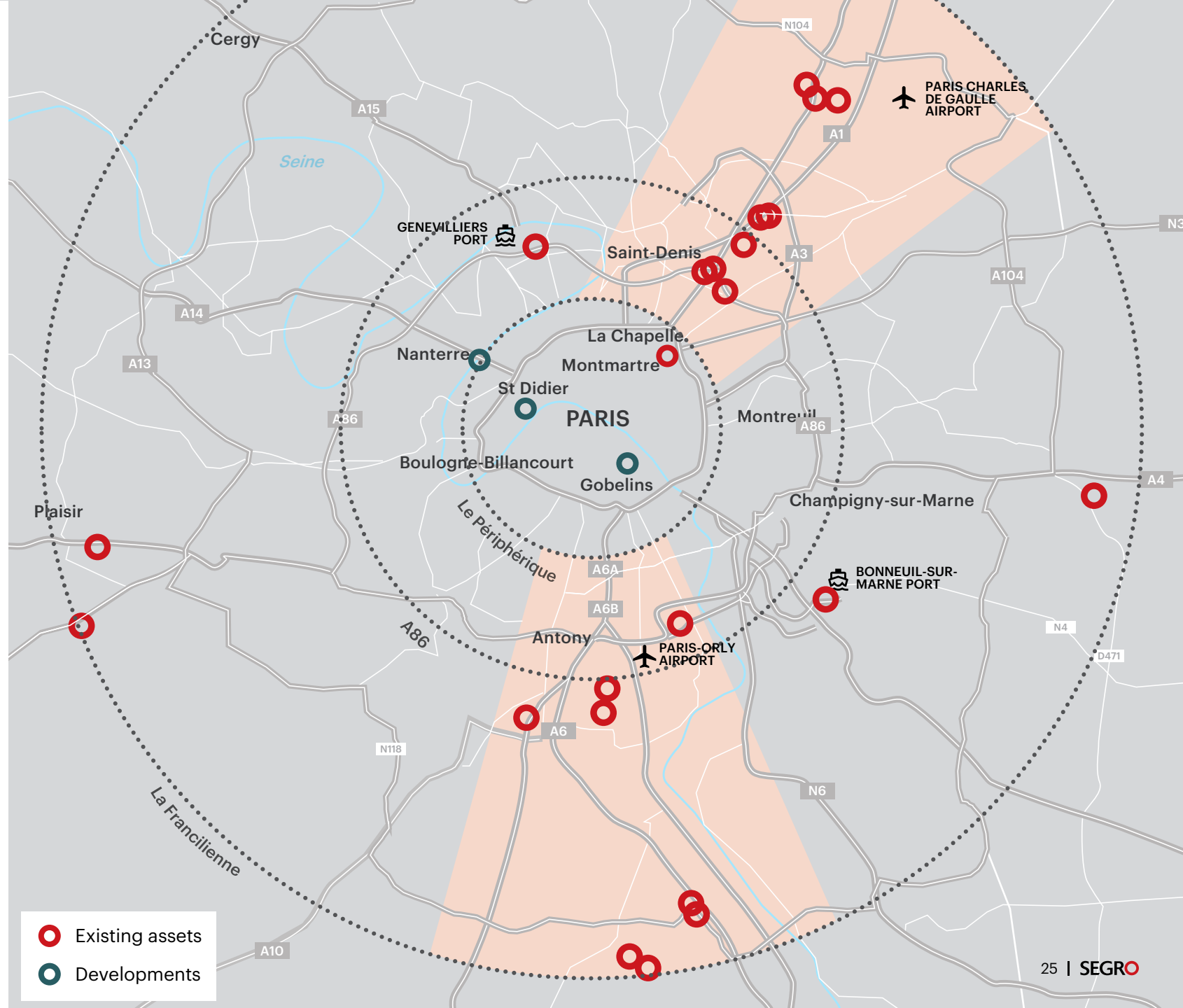
1. As at 31 December 2023, CE Urban.
2. As at 31 March 2024, CE Urban.

Creating a new standard of urban warehouse space in Continental Europe



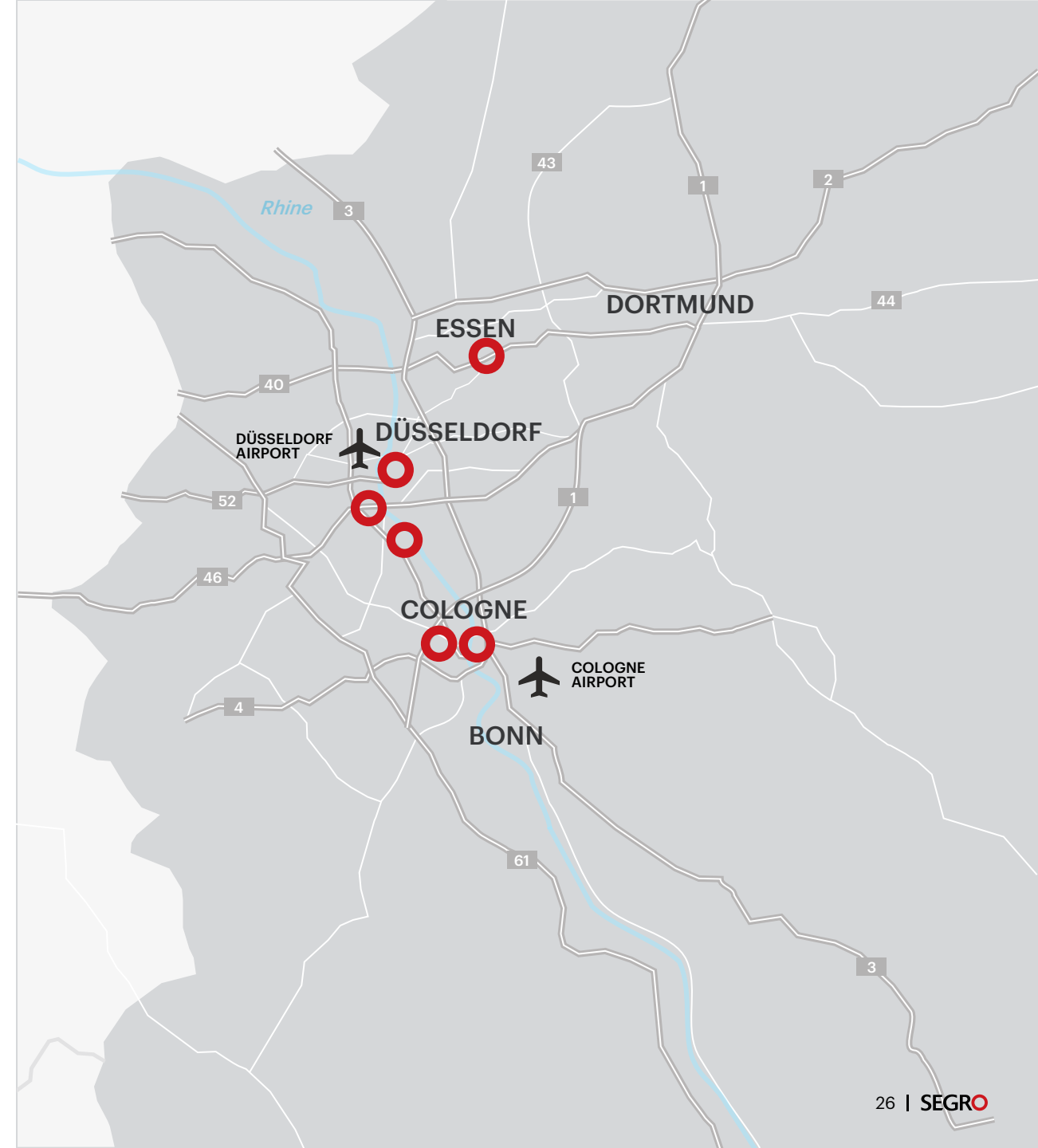
Our Paris strategy

- Paris is densely populated and suffers from congestion.
- SEGRO's urban assets are used by a wide range of customers servicing the city centre.
- Establishing an 'inner city' presence inside le Périphérique.
- Clusters of assets around airports and inland ports.
- Lack of available land means we are often transforming old sites.
- New regulations to combat climate change are going to make these sites even more attractive.



Our Rhine-Ruhr strategy

- Germany is decentralised, SEGRO's portfolio is focused on the most active markets.
- Rhine-Ruhr is the largest metropolitan area, >10 million people across 11 cities.
- Our urban assets are in Cologne, Düsseldorf and Essen.
- Modern, flexible space used to provide goods and services to close to the surrounding area is known as 'Gewerbeparks'.
- Customer base is diverse and typically 'Mittelstand' (small and medium sized businesses).
- All built on brownfield land.



Potential to almost triple rental income from our Continental European urban portfolio

£100m

Passing rent at
31 March 2024



£19m
uplift from asset
management of
existing portfolio¹



£167m
further upside from
development

£286m

Future rent
potential

PLUS:
3-6%

per annum
rental growth

2016-2023
average:
+3.6%

1. Including uplift from expiry of rent-free periods, letting of vacant space and reversionary potential.

Bringing urban warehousing to Continental Europe



Underlying trends are similar in European cities, but they **present themselves differently**.



Apply the **knowledge and insights** gained in the UK and **adapt strategy** for each local market.



Create **flexible** space suited to a **wide range** of potential occupiers.



First mover advantage in the most attractive urban markets on the Continent.



SEGRO Park Düsseldorf City

Q&A



Jon Sleeman & Tessa English

Industrial & Logistics, JLL

James Craddock

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Marco Simonetti

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