

SEGRO Management Presentation – 8 July 2026

Transcript

Video:

A great British success story built over more than a century, supporting economies across Europe, built on more than space, a way of thinking, a way of working, driven by people, powered by partnerships. An irreplicable urban focused portfolio, shaped over decades, through local knowledge and trusted relationships. The UK, continental Europe, connected clusters built with customers alongside communities in partnership with cities. A strategic land bank unlocked through expertise delivered through collaboration, turning scarce land into long-term value. Europe's largest data centre hub and exceptional pipeline. Proximity, power, planning, secured through experience and longstanding relationships embedded in communities, enabling job creation, supporting growth. This is how we create value consistently over time. This is SEGRO, shaped over decades, defined by relationships, driven by purpose, value that endures for the long term.

David Sleath:

Well, good morning everybody, and thank you for joining us at such short notice. I'm joined here today by a number of my executive colleagues, but particularly by Susanne Schroeter, our CFO, and Andrew Pilsworth, who's our managing director in charge of data centres. Plus also we have our chair, Andy Harrison, with us in the front row. We are really pleased to be here today to be able to share with you our conviction in SEGRO's strategy and its ability to deliver significant long-term value for shareholders. This is a company that we've built purposefully over many years. It's evolved repeatedly over its hundred-year history and will continue to do so. Simply put, it's not a static real estate portfolio. It's a scarce platform with a great strategy and a clear execution path to create significantly more value from here. On a personal level, I've been leading SEGRO now for 15 years and I've never been more excited about the prospects and the opportunities ahead.

So there are a few important messages that I hope you'll take away with you from today's presentation. The first is that SEGRO has an irreplicable portfolio concentrated in Europe's most supply constrained urban and logistics markets. These positions have taken decades to build and it would be exceptionally difficult to recreate what we have. Our operating platform is already driving strong performance from this portfolio with sector leading like for like rental growth, but there is much more than that. Within our industrial and logistics land bank, the embedded value is substantial. It's based on sites that we already own in some of the tightest and most sought-after corridors in Europe with development momentum now building rapidly. In data centres, we have a differentiated platform for sustained shareholder value growth built on a portfolio that combines power, planning and land positions that are exceptionally hard to assemble. And we have this rare opportunity precisely as the European data centre market is poised for significant growth.

So together we'll show you today how SEGRO can deliver value well above our current NAV and today's share price. We have the operating platform, the power and the capital resources to deliver this plan.

So let's start by discussing some of the special features of our business. Our portfolio has been meticulously constructed in the most attractive locations where land is scarce and relationships really matter. Almost two thirds of it is in Europe's major cities. We also have a super prime portfolio of larger logistics assets and more than 30 data centres in Slough built by SEGRO, which is already one of the largest data centre clusters in Europe. And we have a unique operating platform with deep local expertise, strong relationships and a proven track record of value creation that has and will continue in my opinion to deliver our performance in the years ahead.

We deliberately overweight urban assets in the largest, most densely populated and congested cities, particularly in London and Paris. These markets are underpinned by population and GDP growth that has outstripped the broader economies of their respective countries. And this drives diverse and dynamic demand. Meanwhile, supply is heavily constrained by a lack of available land, planning restrictions and competing uses. These assets support superior rental growth and outperformance in total property returns as illustrated for London in the chart at the bottom right-hand side. It's taken many years to build the significant positions we have in Park Royal, Heathrow, Slough and Paris, as well as in other European cities such as Dusseldorf, Berlin and Warsaw.

Our big box portfolio is focused on prime logistics hubs and major transportation corridors complementing our urban exposure. These are unique strategic sites helping to transform European distribution networks. We've built this position through a development led strategy and again, it would be very difficult for anybody to replicate this portfolio from scratch. Our powered shell data centre portfolio is also very rare. Many of you know that our Slough trading estate is one of London's most important data centre locations, with 0.5 GVA of operational capacity let to some of the world's leading co-location providers. Apart from its proximity to London and an abundance of power and a dense fibre network, the Slough trading estate benefits from a unique simplified planning zone, the only one of its kind in the UK with development rights currently secured until 2035 and renewable beyond that date.

Alongside the assets, our unique platform is also a source of differentiation. SEGRO has decades of experience developing and managing industrial assets with deep local knowledge and a partnership approach to stakeholder relationships. Our customer focused approach ensures we consistently score high levels of customer satisfaction. And this combined with a hands-on approach to asset management has enabled us to deliver strong like-for-like rental growth and significant new income from our profitable development programme over the course of the last decade. Our local in-market relationships and expertise enable us to find new opportunities to create value, manage our way through challenging planning regimes and deliver large scale complex projects.

Just allow me for a minute to bring it alive with a few brief examples. So at Hayes, near Heathrow, we sourced land off market. Worked with the local authority to agree a mixed-

use development plan. We sold part of the plot for residential use, which enabled us to recover virtually all of our original purchase costs and then developed the remaining part as a successful urban industrial scheme. In Park Royal, our relationships and understanding of the local planning environment allowed us to secure planning committee approval in just 210 days at a time when others are waiting years to unlock data centre planning opportunities in London. At our scheme at Interporto Bologna, our relationships enabled us to secure an option over the land, obtain a building permit, agree a pre-let, and only then complete the purchase of the land. And then finally, Parc de Petits Carreaux also shows the value of patience and long-term relationships.

We purchased this asset through the acquisition of Sofibus, a French listed company in which we originally acquired only a small stake. Today it's a great industrial estate, which also contains one of our near-term data centre development opportunities.

So I've mentioned the importance of local relationships and the quotes on this page I think make an important point. Value creation in urban markets is about much more than buildings. It depends on long-term partnerships with communities, local authorities and other stakeholders. Our unique platform built up over a long period of time is a source of real competitive advantage for SEGRO. But let's now turn to look at the substantial embedded value that we have within our business and which is not reflected in our adjusted NAV. And I'll start with our industrial and logistics development pipeline. We have an exceptional land bank for industrial and logistics development. We have land on the balance sheet spanning almost all of our existing markets and which offers 282 million pounds of future income based on today's rents. That's equivalent to almost 40% of our current rent roll. We also have 147 million of potential rent from land options which give us access to further growth opportunities in a capital-light manner.

Industrial and logistics development remains very profitable for SEGRO with an average expected yield on cost above 7%, meaning that there is significant value upside embedded within our land and optioned land positions. Now after a couple of quieter years following the COVID boom and the subsequent disruption caused by the war in Ukraine, occupational momentum is now clearly improving. We saw this in the second half of 2025 in continental Europe, with the UK showing signs of following suit earlier this year. Those tentative green shoots are now turning into reality. In the UK big box market, for example, DTRE have reported that first half take up this year reached 16.8 million square feet, the strongest period since the pandemic. In our own case, the work we've been doing over recent years to prepare our sites for development is beginning to bear a lot of fruit. As at the 30th of June, we had a record amount of rent associated with developments under construction or in advanced pre-let negotiations, even higher than during the COVID peaks.

In the last month alone, we've agreed terms on four large pre-lets equating to 25 million pounds of headline rent with a number of further projects under active negotiation. Whilst there's no guarantee all of those will convert into signed deals, I would go as far as to say that right now demand feels as strong as in any period that I can remember in my 21 years with SEGRO.

So taken together the industrial and logistics projects planned on our existing land bank and on the land options already in place represent almost 430 million pounds of potential additional income. We expect to start construction on projects representing more than 150 million pounds of potential rent within the next two years. CBRE have calculated the undiscounted value of this pipeline using today's rents and costs to be 1.6 billion pounds. This is not theoretical value. These are real sites in great locations with planning or zoning in place, with demand improving where our teams are equipped and able to deliver. And that's only the opportunity we controlled as at the 31st of December 2025. There is more to come as we replenish the pipeline, add new land, accelerate development if demand supports it, and capture further rental growth.

Next, we're going to look at the data centre opportunity, which I know you're all waiting for with bated breath. And before I hand over to Andrew Pilsworth, there are a few key messages I'd like to share with you. Demand in key availability zones is expected to be strong driven primarily by cloud and inference AI uses. Land with proximity to availability zones with power and planning are key to meeting that demand. These are in scarce supply and SEGRO is exceptionally well positioned across all three factors. We have a growing three GVA power bank, which has increased by half a GVA since we last reported, including 1.4 GVA of near and midterm opportunity giving us strong visibility on future value creation. Through the use of capital efficient joint ventures such as announced today for our second project with Pure DC, the cash contributions we will need to make to deliver that pipeline over the coming years are expected to be only one billion pounds in aggregate, which is eminently fundable from our own resources and it's expected to be very profitable.

Based upon our assumptions, this midterm pipeline offers us the potential for 2.5 billion pounds of valuation upside and 460 million pounds of additional income. Now as you'll hear from Andrew, we have a further 1.1 GVA of reserved power in some very attractive markets which has not yet been modelled or valued by CBRE.

So let me hand over to Andrew who'll take you through the rest of the details on data centres.

Andrew Pilsworth:

Thank you, David. Firstly, to provide some context, European data centre demand is growing very rapidly driven by the continued shift to cloud and the emergence of AI inference workloads. Much of that demand is focused on established and emerging availability zones where proximity to major cities, fibre routes and existing data centre clusters really matters. And that plays directly to SEGRO's strengths because our powered land bank sits in exactly those markets. By contrast, latency insensitive AI facilities for training and some lower value inference workloads can be located in secondary and tertiary locations where land and power are less constrained. We are focused on core availability zones because they have the most enduring value.

The three key factors in deciding whether a site can become a successful data centre location for cloud and inference AI demand are proximity, power and planning. Proximity means being close to major population and business centres and fibre infrastructure. Power

is increasingly scarce across Europe and is by far the biggest constraint on new supply. And finally, planning is critical because data centres are large, complex assets and local authority and community engagement matters. SEGRO has local teams on the ground with deep knowledge of their local markets, the planning regimes and strong stakeholder relationships. And this combined with our centralised data centre and energy expertise means we are very well placed to unlock data centre opportunities in these fast growing but complex data centre markets. Our JV model allows us to execute this strategy in a capital light resource manner. Our partnership with Pure Data Centres is an example of our ability to harness the strengths of our chosen partners.

And through that relationship, we have been able to benefit from a platform of more than 250 employees with a deep expertise of designing, leasing, financing and delivering fully fitted data centres.

We have expertly built a powered land bank with over three GVA of power capacity across key European markets, which gives us substantial embedded growth well beyond today's earnings base. This is an increase of 0.5 GVA since we last reported our power bank back in February. And 0.3 GVA is available to lease today with a further 1.1 GVA available by 2033, creating a visible near to midterm value creation opportunity. A substantial proportion of that near term opportunity is in Slough where we have land, committed power and planning in place through the simplified planning zone. And that matters because hyperscalers value certainty and speed to market and we can offer both. Beyond that, we have a further 1.1 GVA of additional power and that is either longer dated or it's still being worked through our development plans.

This slide shows quite clearly that the power positions that I've just highlighted are not hypothetical. They are allocated to specific projects in very attractive data centre markets. We intend to deliver the majority of the sites in two phases as fully fitted facilities and we have a clearly identified timeline as to when power will be available for each site. There are three more projects in high quality FLAP-D locations in the third bucket. And that is only part of the opportunity. We have a further 1.1 GVA of power again across FLAP-D markets and emerging availability zones which we are yet to allocate against specific land. And just as a reminder, we intend to pre-let all of our data centre projects and we'll be targeting long-term triple net leases with major hyperscalers where we do so.

We have heard clearly that you want more detail on the data centre opportunity and how and when we expect to create value from it. So today we are providing that detail. Over the next seven years, based on our assumptions around planning, power and customer demand, we plan to unlock 14 sites through development. And these could deliver around 460 million pounds of additional rent and almost 700 megawatts of IT capacity. We expect to deliver the majority of the planned sites via fully fitted data centres, mainly in existing FLAP-D markets and selected fast growing locations. And we intend to do these through joint ventures, which allows us to benefit from our partner's technical development and hyperscale leasing expertise. It also allows us to share the capital commitment and risk. We know that our pipeline is extremely attractive to high quality partners and we are already progressing the first two projects through our joint venture partners with Pure Data Centres.

One in West London and as announced today, a second one in Paris, which will be our first data centre on the continent. CBRE's view of the undiscounted value upside from our entire DC pipeline is 2.5 billion pounds. That 2.5 billion pounds value creation upside is before the additional 1.1 GVA of power that is not yet included either due to its long-term nature or as specific development plans are not yet finalised. As I hope is now clear, the sequencing and the pace of our data centre pipeline is dependent on power planning and leasing and not capital.

It's also important to highlight when we can start to unlock that value. With a fully fitted data centre, the income comes through at practical completion, and the first phase can take two to three years to complete, but the value creation starts much earlier. Value starts to be created as soon as you secure power and planning. And just under half our data centre land bank is held at industrial values providing substantial upside. Signing the pre-let crystallises a significant proportion, around half, of the total development profit. So whilst these are long-term assets, there is a very real near-term value creation opportunity as we move projects through the development process.

Our JV structure is highly profitable and has the potential to generate a very attractive return on capital. It also materially reduces SEGRO's cash equity requirement, which means that we can fund the pipeline through our normal capital recycling programme supported by selected powered land sales. This is an illustrative example of exactly how our JV model does that. So say the total development cost is 860 million pounds, including the powered land that SEGRO has contributed into the venture. And assuming a 70% loan to cost, debt funding is around 600 million pounds and total equity is around 260 million pounds. Our partner contributes half of that equity. SEGRO contributes the powered land at fair market value, plus in this example, around 60 million pounds of cash. And that is the reason the structure is so attractive. It allows us to crystallise the value of our land and power access specialist delivery expertise and generate a strong return and substantial value creation from the cash we invest.

And with that, I will hand over to Susanne to talk about what this means for earnings growth and the balance sheet.

Susanne Schroeter:

Many thanks, Andrew. And I would like to start with a very clear message. SEGRO is in a position of strength. We are not capital constrained. We can deliver our strategy without raising equity and we are doing it while maintaining balance sheet discipline. Before we dive into the capital plan, let's look at why we are so confident about the road ahead. We have published a trading update this morning and occupier markets are strong despite the conflict in the Middle East. We are seeing strong lettings activity across our existing portfolio and are making good progress in capturing the 33 million pounds of reversion available in 2026.

Our current and near-term development pipeline stands at 90 million pounds, which is the highest level ever giving us tremendous visibility of future growth. On the back of this, we have now narrowed our CapEx guidance to the top end of the range provided earlier this

year. Our updated CapEx guidance for 2026 is 500 to 550 million pounds. The recent increase in development activity will also have a positive impact on our 2027 CapEx numbers. I would like to highlight that we are self-funding this growth through an active capital recycling programme while crystallising profit. Year to date, we have 308 million pounds of disposals completed or exchanged above book value. We also remain very focused on controlling our cost base. Our EPRA cost ratio, excluding share-based compensation at half year, is below 18%, down from 19.8% at year-end 2025.

Our pro forma adjusted NAV per share amounts to 905p reflecting movements and asset values between the 31st of December and the 30th of June. It is not our reviewed 30 June NTA as it does not yet reflect our half year profit, dividends and other adjustments like FX movements. These when combined are not expected to be material. Our updated reviewed NTA per share will be published with our half year results at the end of the month. The small decrease in asset valuations was driven by our UK portfolio as our new UK valuer, Cushman & Wakefield, have taken a slightly different view on certain yields and some of our urban assets.

Now let me talk about how we fund our growth and what it means for earnings. SEGRO has three powerful funding levers which we can access at the moment. A strong balance sheet, capital recycling and third party partnerships. We have a strong investment grade balance sheet that provides us with optionality. The secondary trading spreads of our bonds are the tightest among our industrial and logistics peers in Europe. We have access to the euro and Sterling bond and loan markets at competitive rates. Over the past five years, we have raised in total 10 billion pounds in euros and Sterling. And our ratios give us headroom. We have already refinanced all 2026 maturities and we expect net debt and LTV to fall by the end of the year aided by disposals and the new big box joint venture. Turning to capital recycling. Since the beginning of 2021, we have recycled about 2.2 billion pounds returning a 10% gain on disposal and shifting capital from lower return mature assets into higher yielding development.

Every asset undergoes a rigorous annual review to guide that process. We have guided to disposing at the upper end of one to 2% of gross asset value in 2026 and we have already completed or exchanged 308 million pounds year to date. Finally, we have established third party capital relationships that allow us to share capital intensity and to reinvest proceeds into attractive opportunities like our data centre pipeline. We have successfully partnered with PSP on our European big box joint venture SELP and with Pure on two fully fitted data centre joint ventures. Last week, we have also announced our new UK big box joint venture.

The new joint venture signals strong confidence of international capital in the UK logistics market and in SEGRO's portfolio in particular. The joint venture is a fantastic example of how we increase investment capacity efficiently. It's a one billion pound structure seeded with three of our outstanding sites, Radlett, Northampton and Coventry. These sites include 701,000 square meters of developable logistics space and 220,000 square meters of standing assets across the UK's most strategic distribution corridor. This JV allows us to deepen our investment capacity and showcases the strength of our development and asset management platform. It reduces our land drag by bringing in partner capital and project

level financing to fund future development. It will also increase our fee income because SEGRO will act as manager of the joint venture providing development asset and property management together with financial administrative and advisory services.

The key takeaway, executing our strategy does not come at the expense of balance sheet discipline despite higher CapEx. Assuming the industrial and logistics as well as the DC pipelines progress as outlined by David and Andrew and we execute our new UK big box joint venture, we remain well inside our LTV and net debt to EBITDA targets, which support our triple B plus rating by Fitch. The look through LTV improves in the medium term before returning to the current level in the low 30s by 2035, even after full pipeline build out. Our net debt to EBITDA will strengthen over the same period. These numbers do not assume any disposals of completed data centres which would give us further room to manoeuvre.

David and Andrew have spoken about the value creation from our strategy. Let us now focus on the income opportunity. There is more than one billion pounds of income upside on top of the 755 million pounds of current rent passing. We can create 220 million pounds of additional income from our existing portfolio driven by rent-free rolloff, vacancy leasing and reversion. The industrial and logistics development pipeline is expected to contribute up to 429 million pounds from a near term, long term and options land. And data centres, our strategy assumes a 460 million pounds base case with significant further upside from a growing pipeline. The three buckets do not yet reflect the upside from further ERV growth and selective acquisitions.

And here's what this means for earnings. Earnings per share will grow in the coming years from 36.6p at the end of 2025 to 50p by 2030. This growth will be supported by like for like rental growth, development completions, cost efficiencies and growing fee income. We expect data centres to become a true growth driver moving from 7% of rental income in 2025 to circa 15% in 2030 and to above 30% by 2035. This creates significant structural growth beyond 2030. And to wrap up, we are not capital constrained. Our EPS will grow in the coming years and our data centre strategy provides an additional layer of medium and long-term earnings momentum. This is a credible deliverable growth story grounded in financial strength and operational excellence. And with that, I will hand it back to David.

David Sleath:

Thanks very much Susanne and indeed Andrew. Let's now turn to the final section of today's presentation and why it is that we believe the Prologis proposal is opportunistic, one-sided and inadequate. Firstly, it's opportunistic. It's being timed to take advantage of a period of share price weakness since the start of the Middle East conflict, despite SEGRO having started the year strongly, outperforming Prologis up to the start of the conflict. Between the 27th of February and the 23rd of June this year, however, SEGRO's share price declined by 12% whilst Prologis' increased by 2%. These relative performances are pretty much in line with what happened to the broader European and US REIT sectors respectively. And their approach comes just as momentum is improving across our markets and just before some of the most significant value in our pipeline is expected to come through. As we've already mentioned today, pre-leasing activity within our industrial logistics platform is very strong right now.

And the proposed UK logistics venture that we announced last week is a clear vote of confidence in the outlook. We're also now moving from potential opportunities in data centres to execution.

Secondly, the Prologis proposal is one-sided. I'm not surprised that they're interested in our business. SEGRO has unique qualities including a very high urban weighting while Prologis is more focused on larger logistics assets. SEGRO also has, we believe, a much greater relative opportunity in data centres. When measured against market value, SEGRO's 3.0 GVA of data centre opportunity represents around five times the relative exposure of Prologis's disclosed 5.6 GVA power bank. That matters because we believe the European data centre market is entering a period of exceptional growth whilst, as we've said, sites with the three Ps of proximity, power and planning remain scarce. Under the Prologis proposal, shareholders would be exchanging their 100% ownership of our business with all the qualities and the embedded upside that we've outlined today, diluting it to a materially lower share of a much larger and different business with different asset weightings and one that has a much smaller relative data centre opportunity.

So I can see why the proposal is attractive to Prologis, but it's one-sided and transfers value away from our shareholders.

And then finally, I'm going to explain why the Prologis proposal falls a long way short of our views on value. There are four main components to this. The first is our NAV. The next is the value upside we expect to accrue from our exceptional industrial logistics and data centre pipelines. And finally, there are a series of additional components of value which are not reflected in our NAV and which should be paid to our shareholders by any acquirer. So let me explain. We start with our adjusted pro forma NAV of 905p. This reflects amongst other things the value of the undeveloped industrial land that we own today. However, it does not reflect the additional value upside that will accrue to our shareholders from developing this land into completed industrial and logistics assets. That's the second block you see here. We showed you earlier that CBRE have valued this upside at 1.6 billion pounds, which discounted to today represents 103 pence.

Next, we have the 2.5 billion pounds of value that CBRE have attributed to our near to midterm data centre pipeline associated with the 1.4 GVA of allocated power. And that equates to a further 139 pence of discounted value. The further 1.1 GVA of power in respect of which we are still finalising detailed development plans has not yet been modelled nor valued in CBRE's numbers. However, it is valuable reserve power and represents a significant additional opportunity embedded within our business today. On top of this, there are meaningful other components of value that any acquirer should pay for, which together equate to over 160 pence of value. The appendix sets out details, but just to highlight a couple, the cluster premium reflects our strength in locations such as Slough, Heathrow and Park Royal, where we have an ability to exercise greater control by virtue of our market position.

Then there are certain costs and taxes that any acquirer of individual assets would incur in assembling this portfolio through individual asset purchases, which a buyer of the shares would avoid. Our shareholders should be paid for this.

Beyond these blocks of value, we should note this is not a static business. The opportunity set continues to grow with our market position, local expertise and relationships, constantly creating new accretive opportunities. And lastly, I don't need to speculate on the significant synergies that Prologis envisages, but it is value that should be shared with our shareholders. So to summarise and conclude, SEGRO is a unique business. We have an irreplicable portfolio built over decades and a unique operating platform that continues to deliver value. We have a compelling value creation opportunity in both industrial and logistics and data centres at a time when occupational momentum is building and Europe's data centre market is set for exceptional growth. And importantly, we have the capabilities and the balance sheet to unlock that value ourselves. And our team is excited to deliver that opportunity for our shareholders. So thank you very much for listening everybody.

We're going to move to questions and I'm going to invite Susanne and Andrew to come and join me at the front. Just whilst they're coming up, please everybody remember that since we are in an offer period, we're heavily restricted by the takeover code in terms of what we are able to say beyond what is already documented in our public statements. But with that, who'd like to go first?

Q&A

Marios Pastou (Bernstein):

Great. Thank you very much. It's Marios Pastou here from Bernstein. Just a few questions from my side, maybe kicking off with the data centre strategy. It feels like this is another partial shift really in the strategy here, moving more towards a fully fitted approach and moving away from your, should we call it the bread-and-butter powered shell approach?

What has prompted this and the timing of it now? And in some ways, is there enough tenant demand out there, especially across your Slough platform to take hold of this fully fitted approach?

David Sleath:

I'll let Andrew just answer the detail question in a second, but I think that it's a really great question. I would actually say we're not announcing anything new today. We're giving more detail of the plan that we already had established several months ago. If you look back at what we've been saying about data centres over the last couple of years, it's been an evolving strategy. We made it very clear more than a year ago about moving into fully fitted space and that's built further momentum. So the plan isn't new. I'd say momentum has been building and so has our level of disclosure. We've heard loud and clear, as Andrew said from investors, particularly over the last six months, that investors would like more detail on what our plans are. We were planning on sharing a number of those details, some at the half year results and some in a capital markets data later this year.

The only thing that's changed is because of the approach from Prologis. We've accelerated the disclosure, but the plan, which was evolving and has evolved over a couple of years

hasn't really changed. It's just we're giving you more detail about it now. But in terms of the specific, what gives us confidence to actually deliver this fully fitted strategy and you asked specifically about Slough. I mean, Andrew, maybe you should talk about that.

Andrew Pilsworth:

First of all, I'll refer to the demand. I have never been more confident in terms of the weight of demand. I mean, it is true to say it is concentrated not exclusively, but largely with the hyperscalers. But if we just look at... Take Park Royal as an example. I'll come to Slough in a minute. But if you take Park Royal as an example, we've announced today that there's a small pool of hyperscalers, but we are in active discussions with two of them, which is obviously a fantastic position to be in and a real bit of evidence of the strength of demand. And in Slough also, we have numerous discussions ongoing with regard to Slough, which is an absolutely fantastic location for data centres. We have the planning already in place through the simplified planning zone and we've got a very strong power position.

That comes through. The power on date for that is late 2029, 2030. But with the lead time to deliver data centres of three years, that means we will be in a window very, very shortly back end of this year, start of next year to start having active discussions in Slough. And I've absolutely no doubt from the conversations that I have with DC operators and hyperscalers that there's really strong demand in Slough for fully fitted DCs.

Marios Pastou (Bernstein):

Thank you. And just as a bit of a follow-up. I think the plan also now assumes that there's going to be no disposals of these fully fitted data centres or at least with the assumptions anyway. And I think originally the plan was to crystallise those development profits once it was delivered. Is that also a bit of a shift? Do you now see yourselves as being a longer-term holder of these types of schemes?

Andrew Pilsworth:

That's completely consistent with our wider strategy is we will develop where it's the right thing to do and crystallise value. And then as part of our wider strategy, we'll assess the portfolio as to whether we hold onto those assets for the income or recycle them out of the portfolio. And that will be no different with our fully fitted data centres. Is there anything you want to add to that?

David Sleath:

I mean, we think we're going to have tremendous optionality. I think the point that we were trying to illustrate today is we've got the capacity to fund a number of these, but we have made it very clear in previous discussions that we would expect to recycle. We're not going to put huge amounts of capital in without greater evidence and proof of where liquidity and where pricing is. But the point about the presentation today is we're not reliant on that in order to be able to deliver this plan.

Marios Pastou (Bernstein):

Okay. One more if I may, just on the upside potential across the logistics pipeline aside from data centres. I see you've also included the optioned land and you've also not factored in then the potential JV which could come or has been announced last week which should come in the second half. How secured is that optioned land in terms of the likes of planning and whether you're able to actually unlock that upside potential? And as a side note, how much of that could then be given away potentially in a joint venture? Because there's probably an element of double counting, kind of unlocking a joint venture to allow you to then invest in the data centre side of things.

David Sleath:

Yeah, there will be some of that option land upside that could go into a JV in the future. I mean, the JV at the moment is on the existing land bank, relates to land that was already on the balance sheet. It's interesting when you talk about options Radlett is a great example. Radlett is a site that we've been working on for 50 years, the most complex and difficult planning process we've ever been involved in, I would say. But the fact that we had it under option and only came to exercise the option once the planning had been secured means that we're able to tie up large opportunities in the future without over committing our capital. And that's the nature of a number of the other sites that are in the optioned land. Some of them are in the UK, some of them are on the continent.

They're usually situations where we've either got an option or a conditional purchase. And the condition nearly always is around getting planning. So that's how those work. But our history and our track record is that these things eventually come through into land on balance sheet and then they get developed. In terms of the impact of the JV, which hasn't yet been closed, of course, we've only announced we've agreed heads of terms on the numbers. They're not modelled, but I don't know whether you want to say anything about that, Susanne.

Susanne Schroeter:

So the numbers are tied back to the CBRE valuation report, which is based on 2025 with the adjustment for the June valuation. The impact of the joint venture on those values is not material. So we've obviously done scenario calculations there. It doesn't have a material impact on the numbers of the CBRE valuation bridge.

David Sleath:

But it will have some impact on the rental upside, which we haven't disclosed, but people can probably make their own estimates based upon the information we have shared.

Marios Pastou (Bernstein):

Thank you. Appreciate it.

Tom Musson (Berenberg):

Hi, good morning. It's Tom Musson at Berenberg. I think as recently as your H1 results presentation last year, you pointed to data centres to be developed between an 8 and 12% yield on cost. Today in your illustrative fully fitted DC example, you're using a 9% yield on cost. So just below the midpoint of that previous range. Can you just give a bit of colour on why 9% is now the right number and what's changed perhaps to bring that down slightly at the midpoint?

Andrew Pilsworth:

So yeah, that wide range that we previously guided to, a big factor in that, particularly with powered shells given the level of land component is whether the land is held at value or industrial values. So the 9% we are given is a really good pivot in the market and it is a cost-plus market for fully fitted data centres. So 9% is a really good point estimate for a sensible yield on cost for a fully fitted data centre, assuming a market value of land.

Tom Musson (Berenberg):

Okay, thank you. And then just a question again on the NPV calculations of the future value creation in the logistics and data centre pipelines. What discount rate is being used in those calculations? And do they differ between the logistics and the data centre pieces?

Susanne Schroeter:

It's an 8% real cost of equity discount rate that has been used. It's the same for both the logistics and the data centre pipeline.

Tom Musson (Berenberg):

Thanks. And on the data centre pipeline, over how many years are you discounting back?

Andrew Pilsworth:

Well, the pipeline of the 2.5, the 2.5 GVA that CBRE have put in their report, we've set that out in one of the slides. You can see the different buckets, but they are across projects. They're 1.4 GVA and they are projects that are contracted up to and including 2033, so seven years' worth of contracted rent. Obviously with data centres some of the income comes through a little bit later than that with the lead time.

Tom Musson (Berenberg):

Thank you.

Jonathan Kownator (Goldman Sachs):

On the page 20 or the data centre detail. So you have different planning status there ongoing or in progress. If you can just specify what that means please. You have also you're talking about sale for some assets available to lease by 2028. So if you can highlight when you envisage these sales and what would be exactly the model here. Third question would be, you talk about MVAs on all this slide. What should we assume the key to megawatt IT? Is that a fixed key or is that something that is evolving from a POE perspective? Let's stop there. There's one more.

Andrew Pilsworth:

I was jumping in there. That feels like enough. And I might need you to just remind me of those. Let me answer the last one first. So the ratio of MVA to megawatt IT. I mean, you're right, you're answering the question that varies site by site. So you typically see somewhere around 1.2 to 1.4 for a PUE. The fact by which you reduce that is typical, but that really does depend site by site how many megawatt IT you've got planning for and also various technical factors around how much power is lost between the incoming power and utilised in the building. So it will vary.

Jonathan Kownator (Goldman Sachs):

So should we use 1.3?

Andrew Pilsworth:

Well, you can also see if you look at one of the other slides in the deck, if you look at the, you get a bit of a clue, although some of these are sold. So if you look at slide 21, you'll see some of the sites there. We've got 1.4 GVA and you'll see that there's a lower out, you can see the megawatt IT that we're using on the 14 leased sites. So exclude the powered land sales, you can see the 14 leased sites. So yeah, it will vary site by site is the answer. Sorry, can you just repeat?

David Sleath:

Planning status.

Andrew Pilsworth:

So planning status, what's the difference between ongoing and in progress? So ongoing, that's a bit of a subtle one. Ongoing is a little bit more advanced. So that means we have an active dialogue whereas in progress we'd be in the early stages, the earlier stages of making that application.

Jonathan Kownator (Goldman Sachs):

The third one was you have available to lease by 2028, you have a sale model which is effectively a third model. How are you envisaging that to work more precisely?

Andrew Pilsworth:

Well, in terms of... So they are site. So these are initial assumptions. We have put some for sale. They are generally... So it's part of making sure we balance off capital recycling, but really those sites generally that we've provisionally assumed we will sell tend to be in slightly less strong markets. So they're still great sites, but slightly less strong than those where we are planning to develop. And it will be the same process in terms of the trigger for timing. So when we have a firm power and planning position, we will be ready to contract on all of our sites, whether that is developing them mainly as fully fitted or offering them for sale.

David Sleath:

And Jonathan, That's consistent. That hasn't changed. I mean, what we're saying is in super prime locations like London and Slough and probably Paris, we're happy to put a lot of capital in because as Andrew referenced in his presentation, you know, super strong locations, very scarce land, scarce power. In some of the more emerging markets, the working assumption at the moment and what's been modeled is that we just sell some of these land positions to others. But frankly, the market's changing so fast. So I suspect in 12 months' time, if and when we share with you an update on this, the market will have moved and we will have changed some of our plans on these. So it's adaptable, but it's all about putting our capital into the most resilient, strongest markets and getting the best return on that capital.

Jonathan Kownator (Goldman Sachs):

But you would, essentially you would sell the land before pre-letting it. So you'd try to get damaged power.

David Sleath:

Yeah exactly, And we had an example of that a couple of years ago. We sold a great site to a hyperscaler in Milan. We bought the site for something like eight million euros, sold it for over a hundred. At the time it was the right thing to do, having secured planning and power. So it'll vary site by site according to where we think the supply demand position is.

Jonathan Kownator (Goldman Sachs):

I had a last one, sorry. It was very quick. So on the power, you have some power on now and then some is 2028 or 2029 for the year available to lease now and thereafter. When can you realistically be in a position to have a discussion and then to potentially sign an agreement with a hyperscaler versus when that power is actually technically granted versus power on?

Andrew Pilsworth:

Yeah, that's a really nice, easy one. The answer is in terms of actually contracting, obviously you can start discussions a little bit earlier than that. In terms of contracting, it's two to three years because you can have a really meaning and you also need to have planning to have a really meaningful discussion as well. That's the other caveat. But when you are within two

to three years, because that's the typical timeframe to deliver the shell and the fit out, you can have a really meaningful discussion and contract provided you've got planning and you've got a firm power on date. You can do that two to three years beforehand because then you only need to have the energisation and the power on at the point that you deliver the first phase, the fully fitted. And that is about two to three years from when you put a spade in the ground.

Jonathan Kownator (Goldman Sachs):

And who takes the risks on the delivery of the power? Because it's contracted, but then it needs to physically arrive to the site. You taking the risk on that?

Andrew Pilsworth:

Yeah, that is typically a commitment that the developer will make. So you need to be, that's why power is so crucial to all of this. So you need to be very confident and clear on the delivery of that power. And that's one of the reasons we mentioned that now we have a dedicated in-house energy team with really experienced experts who know about this, who know about the power business.

David Sleath:

I thought we might get a few questions about data centres. Thank you. Anybody else? Thank you.

Suraj Goyal (Green Street):

Thank you. Good morning. Suraj Goyal from Green Street. So hopefully this will be a quick one, but you communicated the potential to develop fully fitted DC in Paris today with pure DC. But as we know, planning can be extremely difficult in Paris. So how do you think about this risk to the timeline for eventual income generation of this fully fitted DC? And I think you briefly touched on it, but would you target a yield on cost that's in line with Park Royal?

Andrew Pilsworth:

Yeah, I'll take those two. So planning and yield on cost. In terms of planning, it is challenging in some markets. David mentioned in his script in London, that was exceptionally, I wouldn't say a smooth break. We put an awful lot of time and expertise into it, but that process went very well. Planning in Paris is one of the more challenging markets, but I'd say two things on that. Firstly, that is the advantage of having our teams on the ground. So we've got a very experienced team on the ground in France. They're French. They understand the local planning requirements. They know the local stakeholders and they may not be experts in data centres, but they are very expert in working through the matrix structure in bringing powered land through that process. So I actually see that as a competitive advantage. And if you look in the market, Paris is quite a supply constrained market.

Anyway, planning is challenging, but it will be very challenging for all of our competitors and competing supply as well. And that really links very neatly into the second part of your

question that I said the whole market, 9% is a very sensible target for yield on cost in high quality supply constrained markets and Paris certainly fits that bill.

David Sleath:

I think, I mean, the only thing I'd say about the plan, I already, just to add to Andrew's comment, alluded to it earlier. These timings move around all the time. There's some sites will take longer to come through. Others I think we'll get through faster. So we've given you a guide, but clearly I think some of the specific timings will move around. So we just have to adapt to that. But the one thing that really comes through very clearly, and Andrew's made the point already, is that we've got great sites. We think we've got the ability to bring them through the planning process and we're absolutely sure that there are very few sites coming in these markets that can have those characteristics and get the planning and the power when it's needed. So we feel really good about the opportunity set we've got.

Suraj Goyal (Green Street):

Perfect. Thank you.

Conference line operator:

Absolutely. Our first question today is from Frederic Renard from Kepler Cheuvreux. Your line is now open. Please go ahead.

Frederic Renard (Kepler Cheuvreux):

Hi guys. Good morning. Just three questions on my end, if I may. The first question would be on the discount rate. You mentioned 8%. I just wanted to touch base on that. Seems pretty low for different matters in terms of execution risk. You assume I guess that the demand will remain very strong and that also the demand for data centre will remain stronger. I just want to see a bit if you made some sensitivity analysis on this discount rate. That will be the first question. Then on the question on the difference between the GVA and the megawatt IT, just you announced this morning that you had an additional 0.5 GVA in your power bank, but actually it's a bit a different communication that we had in the full year presentation. I mean, if you use a factor of 1.3, actually the total GVA would be lower than what you announced in 2025.

So I just want to be sure that I fully understand that. And then a third element and the last question. And one of the key part of Prologis was to say that the succession of David was not very clear at this stage. And I'm not so sure that the presentation is giving some clear answer to that. So I would also like to have your opinion on that. Thank you.

Susanne Schroeter:

Thanks a lot for the questions. Let me start with the discount rate question. So first of all, 8% is the real cost of equity. So it doesn't include any inflation. I think you could take your own example or assumptions on what it would be in nominal terms. So I think that's number one to be aware of. And that is really because the numbers that CBRE is using to calculate the

value also assume today's costs and also don't include any assumptions on inflation, rising rental income, et cetera. Secondly, on that point, CBRE has also given in their report the undiscounted value of 2.5 billion that we have cited in the presentation. So if you would like to use a different rate yourself, I think you can also proceed with that and use whichever rate you think is more appropriate.

Andrew Pilsworth:

Shall I take the GVA? So I think the question was we reported 2.5 gigawatts total power bank in our year end results and now we're reporting three GVA. Has it actually gone down because of the PU effect? No, is the answer. They are directly comparable. So the two and a half that we reported at year end and the three GVA are exactly the same metric. We are using a slightly different terminology to try and be clearer that where we are talking about our total power bank to the question earlier, that is total incoming power and therefore we will use MVA and GVA for that. When we are talking about specific sites that we are developing such as in the illustrative example that we put in the slides, we will use megawatt IT. But to be really clear, we tried to use slightly clearer terminology, but we are not changing the basis that two and a half gigawatts we reported at year end.

If we reported that now, it would be two and a half GVA and that has genuinely grown by half a GVA to three GVA now.

David Sleath:

Very good. And I think Fred, you were asking about succession. So let me take that one head on. As far as I'm concerned, I mean, I serve at the pleasure of the board and it's a board issue ultimately, but as far as I'm concerned, I mean, I think this business is in a great position. I think we've got a great opportunity set. And I think as it came through in the presentation earlier, I've never been more excited about what's in front of us. Personally, I'm very fortunate that I'm in good shape. I'm healthy. I've got tons of energy. I've got a great team around me. I think virtually all of the executive team has been put in place in the last three or four years. So it is a question for the board at some point, but right now I'm enjoying what I'm doing and fully committed.

Frederic Renard (Kepler Cheuvreux):

Thank you. And don't get me wrong. I'm happy that you're here.

[Laughter]

David Sleath:

Any more questions?

Conference line operator:

Thank you, Frederic. Our next question is from Paul May from Barclays. Your line is now open. Please go ahead.

Paul May (Barclays):

All right guys, thanks for taking my questions. I've got three questions for me. First one, why do you think SEGRO should trade on more than 2.9% or less than 2.9% earnings yield or 3.8% by FY30? The six and a half EPS CAGR you highlight is not materially different to other UK REITs likes of British and Lands and Hamilton and so on. Yet they trade significantly cheaper valuations. So I just wondered what your basis of valuation is for your business. Second one, did you consider a revamped thought process? And I appreciate you said today, this isn't new stuff, it's just more information. And you should thank Prologis for sort of highlighting the value in your business and the newfound cheaper cost of equity that they've given you. And could you use that to fund an expansion and acquisitions moving forward? As I say, doing a step change in terms of your thought process.

Probably those first two and then there's a specific one that we can ask afterwards. Thanks.

David Sleath:

I mean, maybe I'll make a couple of comments and then Susanne can jump in. I think the first thing to say is what I mentioned earlier, you know, is this isn't new. What we've been showing today we've got an update in terms of some of the trading updates and the metrics and the new data centre announcement and the fact that we've announced we're adding half a GVA to the pipeline of opportunity. That's all new. But we are always planning on sharing this information with shareholders. The purpose of today really was to share that and to share the roadmap we have, the path we think we have to deliver the intrinsic value that is within this business. We're not going to try and speculate or guess what the share price should be at any one particular date because that's for other people to do. But what we wanted to highlight is that there's a lot of value in this business that is not reflected in either the share price or in the spot NAV.

And I think that's what we've tried to do today. What was the second part of the question or was that it? I think that's probably it, Paul, unless you want to follow up.

Paul May (Barclays):

Well, the second part was just saying Prologis has obviously increased the value of your shares through the bid that's made your, should we say cost of equity on an immediate basis lower. And have you thought about using that and going on an acquisition spree of your own to grow the business and to drive the returns for shareholders?

David Sleath:

I would say it was so wrapped up in my, if you like, in my first answer, which is we've laid out a plan. We don't think we need equity to deliver this plan. We're focused on delivering the growth in front of us using the resources we've got. We've been saying consistently for several months our plan is to self-fund the growth opportunities. And I hope today people have realised that we've got the capacity and ability to do exactly that. So no, we're not changing our plan just because the share price has had a bump as a result of the approach from Prologis.

Paul May (Barclays):

Okay. And sorry, just on the first one, you mentioned you don't think that the... you're not saying, you said you're not saying what the value of the business is, but isn't that exactly what you're saying in this statement?

David Sleath:

No, what I said was we're not going to speculate. Sorry to interrupt. What I'm saying is we're not going to speculate on where the share price should be at any point in time. What we are sharing with the market today is more insight as to the embedded value that's within this business, which is not yet reflected in NAV or in the share price.

Paul May (Barclays):

Okay.

David Sleath:

Thanks Paul.

Paul May (Barclays):

I'm sorry, just a specific one on the... You mentioned I think rent free periods burning off in the paragraph around the 50p of earnings, but my understanding is the rent frees are sort of straight lined already through that, so that wouldn't necessarily be a benefit. And just wondered what is the capitalised interest you're assuming for that 50p of earnings in FY 30?

Susanne Schroeter:

Paul, let's take this question offline and discuss it separately.

Paul May (Barclays):

Okay.

Conference line operator:

Thank you, Paul. Our next question is from Oli Woodhall from Kolytics. Your line is now open. Please go ahead.

Oli Woodhall (Kolytics):

Hello. Thanks for taking my question. Just to follow up on the discounted value upside, just curious on what your view is on whether this value or this part of the value should be captured in the NAV now rather than when the lease is signed or practical completion in order to provide investors in the market with a more accurate view of the present value in your portfolio?

David Sleath:

Ollie, if I get the question right, I mean, sorry, good morning. I should have said first of all. The valuation, that's not what a valuation, a Red Book valuation does. It records the estimated market value of assets today. So in the case of land, undeveloped land, it has the book value and the market value of undeveloped land. What we're highlighting today is the future upside, that if we deliver the plans that we've laid out, it will accrete to us and accrete to our shareholders. But I don't think that's what we would expect in a normal Red Book valuation, any valuer to put into their numbers.

Oli Woodhall (Kolytics):

Yeah. Okay. That's fair. And then a quick second one, if I may, just your embedded upside for the argument rests on this being unique to standalone SEGRO, but presumably a larger entity would be able to keep the teams and relationships that SEGRO have curated to also capture this upside. So just what am I missing there?

David Sleath:

Well, I think that may or may not be the case and I'm not going to try and comment on that. What we did say was that there's a lot of upside embedded within SEGRO. And based upon the approach and the share ratio exchange ratio being discussed, that disproportionately transfers what is today 100% interest in that upside that our shareholders hold today to being a much smaller percentage of an enlarged business. So it's a question of dilution of that upside and exposure to it. And by the way, just reflecting on your previous question, just to add another point actually that maybe I should have made on the valuation. So it doesn't change what I said about the Red Book valuation, but Andrew did lay out that chart in his presentation that indicated that there is quite a chunk of value. You don't have to wait until it's income producing cash flowing until you, until we would expect to get that value reflected in the Red Book valuation.

So in particular, the point of getting both planning and power certainty and then subsequently getting a hyperscale lease we believe translates into quite a significant uplift in value at that point.

Andrew Pilsworth:

If you, Sorry to interrupt David. If you refer Ollie to page 22 on the presentation, you'll see exactly to that point. Something like on that indicative chart there, we got something like 65% of the total value creation is actually realised at the point of securing the lease.

Oli Woodhall (Kolytics):

Okay. Thank you very much.

David Sleath:

Okay. Thank you.

Conference line operator:

Thank you Oli. We will now move on to questions on the webcast. Thank you very much.

Webcast questions:

Quick question on the rental income bridge. The 460 million - in data centre rent role, is this at SEGRO's share?

Andrew Pilsworth:

Yes. Yes it is.

Webcast questions:

And then another one on earnings. So the 50p adjusted EPS target is underpinned by a substantial income bridge. Could you confirm whether the target accounts for the increase in net finance costs associated with the cash deployed across this pipeline?

Webcast questions:

Within the 50p.

Susanne Schroeter:

The finance... the 50p are based on our midterm plan, which includes all assumptions regarding financing costs.

Webcast questions:

Perfect. And then another question on financing. Can you address Prologis's argument around funding constraints? How much liquidity can you deploy? For example, how many fully fitted data centres could you do at once before there are any funding constraints or covenants?

Susanne Schroeter:

I think we've said clearly in the presentation that we are confident that we can build out the strategy as outlined today with the existing balance sheet so that we have the capacity to build out the pipeline both on the DC as well as the industrials and logistics side without the need for funding.

Andrew Pilsworth:

And just to add to that, we are, the pace at which we are developing that out is dependent on all the factors I laid out on the sites. We've not managed the pace of that based on funding constraints.

Webcast questions:

Thank you. And then on data centres, what's the current spread between industrial land values that the data centre pipeline is currently valued on and the valuation of a completed DC? Or I suppose how much of the land is currently valued as industrial versus powered?

Andrew Pilsworth:

So something like around it's just under 50% is at industrial values and then that spread will really vary market by market.

David Sleath:

Yeah, the value... yeah there's quite a variety of different sites. And we haven't disclosed that detail, therefore we can't really give that specific number that I think somebody might there be hunting for. But as Andrew said, about half of our data centre planned land is valued as data centre land and the other half is not. So there will be a sizable uplift on those not fully valued sites when they get planning and power and ultimately a pre-lease.

Webcast questions:

Perfect. And I think everything else we've already covered. So thank you very much.

David Sleath:

Good, alright. Well, appreciate we've bombed everybody's morning. Thank you for those of you that turned up in person and for those online. Really appreciate you giving us your attention. Have a great day and we'll look forward to speaking to you soon.