

SGRO

 Segro PLC

Segro adds £70m of new rent as the Prologis deal waits on regulators

Following the Trading Update · 21 October 2026

NEW HEADLINE RENT, NINE MONTHS £70million ▲ 32 per cent higher than the prior year equivalent; £53 million at the half year	UK RENT REVIEW UPLIFT 43% ▲ Group 34%, Continental Europe 5%; 38% in the UK at Q1	OCCUPANCY 94.7% ▲ up 20bps since HY 2026; customer retention 80%	LOAN TO VALUE 33% ▲ against 31% at 30 June 2026; £1.2 billion of available liquidity
--	--	---	---

Share price, past 12 months

Daily close; latest price as at 09:01 on 21 October 2026 · Ticker Data API



Segro's trading update today showed £70 million of new headline rent contracted in the nine months to 30 September, 32 per cent more than a year earlier. UK rent reviews, renewals and regears settled an average 43 per cent above previous rents, and occupancy rose 20 basis points to 94.7 per cent. Loan to value (LTV, net debt as a share of property value) rose to 33 per cent from 31 per cent at June, and the two deals that matter most for the business on its own, a West London data-centre pre-let and a c.£500 million big-box joint venture, are still being negotiated. The third quarter by itself added £17 million of headline rent, only £2 million of it from development lettings.

The larger fact for shareholders sits at the foot of the statement. Because the consideration is mostly Prologis shares, its sterling value moves with Prologis's share price and the dollar. The shares closed at 901.4p on 20 October, level with June's adjusted net asset value of 902p per share and below offer values reported in the press. The update lowers the risk that the business is weakening beneath the deal. It says nothing new about whether the deal will clear on time.

“SEGRO has continued to perform well during the third quarter. Demand-supply dynamics for modern and well-located industrial, logistics and data centre space remain supportive, enabling good progress with our letting of existing space, reversion capture and development signings.”

David Sleath, Chief Executive · Trading Update, 21 October 2026

UK rent reversion is doing the heavy lifting

Of which existing portfolio, 9 months to 30 Sep 2026

£42 million

Of which development lettings, 9 months to 30 Sep 2026

£28 million

Further disposals exchanged, due by end of 2026

£57 million

Segro owns, develops and lets warehouses, industrial buildings and data centres in the UK and seven other European countries, a portfolio of 10.9 million square metres valued at £22.0 billion. The trading update covers 1 January to 30 September 2026, and its strongest numbers come from charging existing tenants more. Headline rent (annualised gross rent once rent-free periods and other incentives have expired) of £70 million was contracted in the period, £42 million from the existing portfolio and £28 million from development lettings.

Reversion is the gap between the rent a tenant pays and the current market rent, and Segro captures it when leases come up for review or renewal. In the UK that gap closed at an average uplift of 43 per cent, up from 38 per cent at the first quarter. Continental Europe managed 5 per cent, so the Group figure of 34 per cent is a UK story. Occupancy rose to 94.7 per cent from 94.5 per cent at June, and 80 per cent of customers stayed on when their leases ended.

Development is more mixed. Completions this year total 152,500 sq m with £13 million of potential headline rent, of which 59 per cent is secured by a pre-let or by letting speculative space before completion. The rest, about £5 million of rent, is still to be let, which is a share of rent and not necessarily of floor space. Projects under construction or in advanced negotiation now carry £103 million of potential rent, two-thirds of it associated with pre-lets.

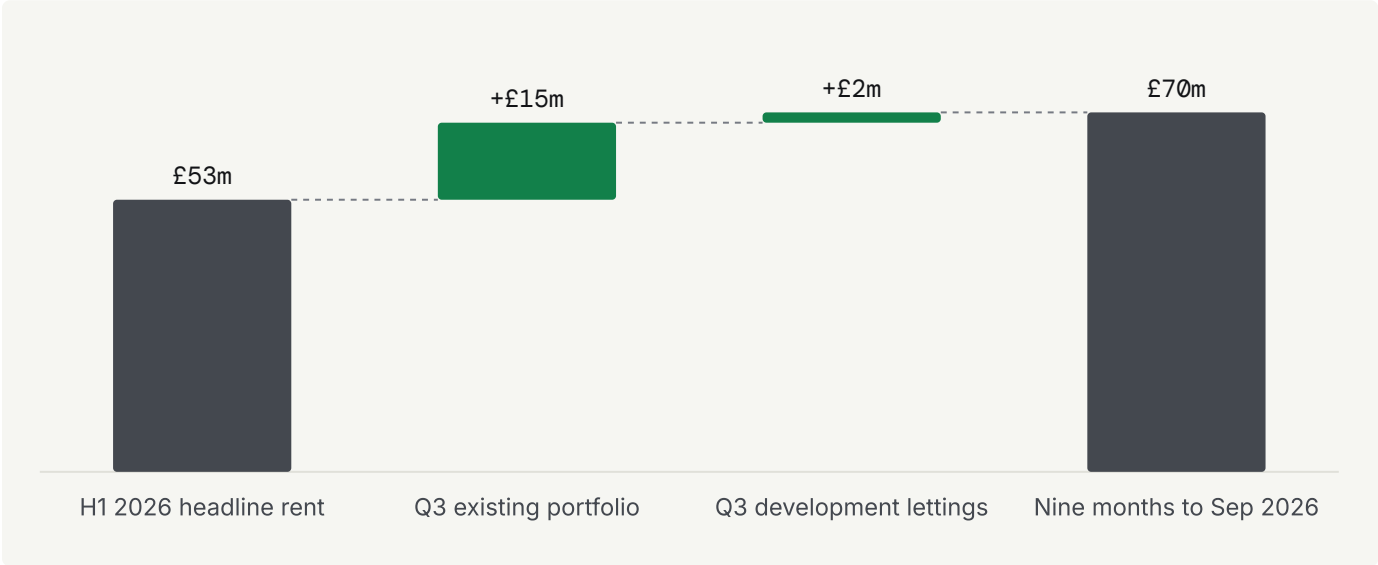
The data-centre arm is the part most often cited as the growth opportunity. Segro expects to sign a pre-let with a major hyperscaler (one of the large cloud-computing companies) for its first fully fitted data centre in West London, built through its joint venture with Pure DC, "in the coming months, in line with our previous expectations". It has not been signed yet. Disposals of £223 million have completed above book value this year, giving up £11 million of rent, and a further £57 million has exchanged for completion by the end of the year.

FIGURE	VALUE	CHANGE
New headline rent contracted 9 months to 30 Sep 2026	£70m	32 per cent higher than prior year equivalent
Average UK uplift on reviews, renewals and regears 9 months to 30 Sep 2026	43%	38% at Q1 2026
Continental Europe uplift 9 months to 30 Sep 2026	5%	
Occupancy 30 Sep 2026	94.7%	up 20bps since HY 2026

FIGURE	VALUE	CHANGE
Customer retention 9 months to 30 Sep 2026	80%	
Development completions 2026 to date	152,500 sq m	£13 million potential rent, 59% secured
Pipeline potential rent 30 Sep 2026	£103m	two-thirds associated with pre-lets
Disposals completed above book value 2026 to date	£223m	£11 million of associated rental income

Sources: Trading Update RNS, 21 Oct 2026

How year-to-date headline rent reached £70m



Third-quarter steps are today's nine-month figures (£42m existing, £28m development) less the half-year figures (£27m existing, £26m development) from the 30 July results.

The third quarter added £17m, and only £2m from development

Taking the half-year figures from the 30 July results away from today's nine-month totals gives the third quarter on its own. New headline rent reached £53 million at June, so the quarter added £17 million. Existing-portfolio leasing and reversion rose from £27 million to £42 million, a healthy £15 million. Development signings rose from £26 million to £28 million, so new development lettings slowed to £2 million in the quarter, after a first half that included £24 million of pre-lets.

One quarter of development signings is a thin sample, and big pre-lets arrive in lumps. The hyperscaler pre-let, if signed, would be one such lump. Still, the nine-month total flatters the recent pace, and headline rent is a contracted annual figure that reaches cash income only after incentives run off.

The earnings already reported show what reversion does once it reaches the income statement. Like-for-like net rental income grew 5.3 per cent in the first half, adjusted earnings per share rose to 19.3p from 18.1p and adjusted pre-tax profit to £268 million from £252 million. The interim dividend went to 10.14p from 9.7p. For 2025 as a whole, adjusted pre-tax profit was £509 million against £470 million. Statutory profit swings with property revaluations: after-tax profit was £551 million in 2025 and a £253 million loss in 2023.

H1 2026 against the prior period

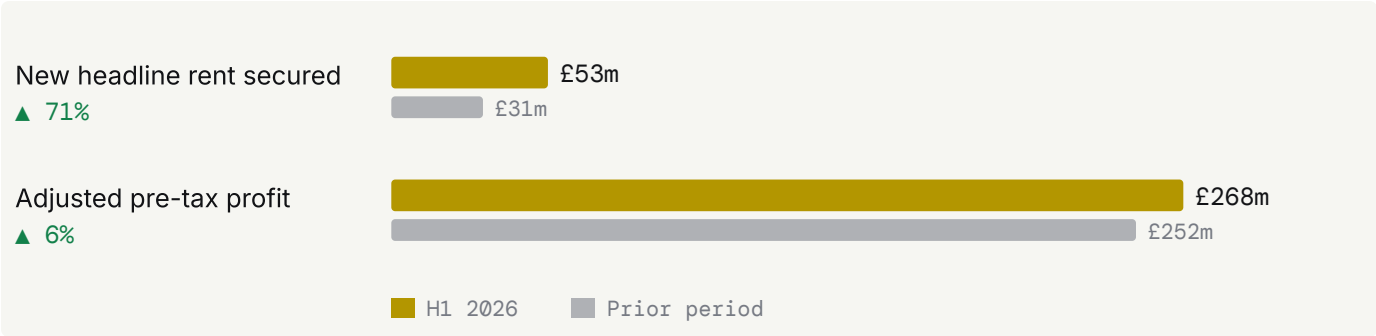


FIGURE	VALUE	CHANGE
New headline rent secured H1 2026	£53m	+71% H1 2025: £31 million
Like-for-like net rental income growth H1 2026	5.3%	+5.3%
Adjusted EPS H1 2026	19.3p	+6.6% prior 18.1p
Adjusted pre-tax profit H1 2026	£268m	+6.3% prior £252m
Interim dividend per share H1 2026	10.14p	+4.5% prior 9.7p
Adjusted pre-tax profit FY 2025	£509m	+8.3% prior £470m
Revenue FY 2025	£726m	£675m in 2024
Profit after tax FY 2025	£551m	£594m in 2024

Sources: H1 2026 results, 30 Jul 2026; FY 2025 results, 20 Feb 2026; Income statement (tagged accounts), 2025-12-31

LTV rose to 33% despite £223m of sales

Available liquidity, 30 Sep 2026

£1.2 billion

Net debt, 30 Jun 2026

£5.92bn

Bond issued, 23 Jun 2026, matures 2030

€650m at 4.00%

Loan to value climbed to 33 per cent from 31 per cent at June even though £223 million of assets have been sold this year. The 33 per cent figure uses June valuations adjusted for later purchases, sales and spending, so it does not reflect a fresh revaluation. Available liquidity is £1.2 billion, with no split between cash and undrawn bank facilities. At June, net debt was £5.92 billion, 8.3 times EBITDA (earnings before interest, tax, depreciation and amortisation).

The sensitivity is easy to illustrate. Holding debt unchanged, a 10 per cent fall in property values would mechanically lift a 33 per cent LTV to about 37 per cent, and a 15 per cent fall to about 39 per cent. On the £18.7 billion June portfolio and 1.354 billion shares, those falls would take roughly 138p and 207p a share off net asset value before anything else moved. These are arithmetic, not forecasts, and the update gives

no current covenant limits, interest cover or maturity schedule to test them against. The latest debt detail on file is from 2024: borrowings of £4.61 billion at an average cost of 2.5 per cent and an average maturity of 7.8 years. The €650 million bond issued in June 2026 carries a 4.00 per cent coupon, a guide to what new money costs.

Cash needs are heavy in the second half. Development capex guidance of £500 million to £550 million for 2026, less £176 million spent in the first half, implies £324 million to £374 million still to go. The disposals help, though at the cost of £11 million of rent, an implied yield of about 4.9 per cent. The £57 million exchanged sale and the c.£500 million joint-venture proceeds are not yet cash.

Dividend cover from cash is unresolved. The tagged 2025 accounts give operating cash flow of £396 million against £405 million of dividends paid, while the primary statements give £492 million. The £96 million gap matters because one figure covers the dividend and the other does not. Current liabilities of £1.15 billion at the end of 2025 against current assets of £319 million also merit a look at near-term maturities in the full-year accounts.

FIGURE	VALUE	CHANGE
Loan to value 30 Sep 2026	33%	31% at 30 Jun 2026
Net debt to EBITDA 30 Jun 2026	8.3x	prior 8.4x
Portfolio valuation 30 Jun 2026	£18.7bn	-1.6% prior £19.0bn
Average cost of debt 31 Dec 2024	2.5%	average maturity 7.8 years
Operating cash flow FY 2025	£396m	
Operating cash flow FY 2025	£492m	
Dividends paid FY 2025	£405m	
Development capex in H1 H1 2026	£176m	-2.2% prior £180m

Sources: Trading Update RNS, 21 Oct 2026; H1 2026 results, 30 Jul 2026; Debt, maturities and covenants, 2024-12-31; Cash flow (tagged accounts), 2025-12-31; Primary statements (read from the report), 2025-12-31; Debt announcements, 2026-06-23

Three signings and a regulator stand between now and February

No guidance changed today. The July indication of £500 million to £550 million of development capex for 2026, including c.£150 million of infrastructure spend, stands, as does the longer-term ambition, set out on 30 July, of adjusted earnings per share rising from 36.6p in 2025 to c.50.0p by 2030. On leasing, management has delivered what it said it would through 2026: £23 million of new rent at the first quarter, £53 million at the half and £70 million now.

The near-term items to watch are transactions. The hyperscaler pre-let is expected "in the coming months". Discussions on the UK big-box joint venture, which would take in built warehouses and land and is expected to raise c.£500 million of net proceeds, are described as "progressing well". The £57 million of exchanged disposals is due to complete by the end of the year. Full-year results follow on Wednesday 10 February 2027, and those should carry a year-end revaluation that will reset NAV and LTV.

The interest-rate backdrop works against property values. The ten-year gilt yield stood at 5.64 per cent on 16 October, up 0.20 points over three months, and the two-year at 4.90 per cent, against Bank Rate of 3.75 per cent. CPIH inflation was 3.30 per cent in August and Brent crude \$110.55 a barrel on 20 October. Higher long-term yields raise the return buyers demand from property, and that can push valuations down sooner than rising rents push them up. Over all of this sits the Prologis timetable, with completion expected in H1 2027.

FIGURE	VALUE	CHANGE
Development capex guidance FY 2026	£500 to £550 million	narrowed to top end of previous range in July
Adjusted EPS ambition 2030	c. 50p	+37% from 36.6 pence in 2025
Big-box JV expected net proceeds	£500m	
10-year gilt yield 16 Oct 2026	5.64%	+0.20 points over three months
Bank Rate 19 Oct 2026	3.75%	+0.00 points over three months
CPIH inflation Aug 2026	3.30%	+0.30 points over three months
Full-year results date	10 February 2027	

Sources: Guidance, 30 Jul 2026; Trading Update RNS, 21 Oct 2026; UK economy and markets

The shares trade at June NAV and below the reported offer

At the 901.4p close on 20 October the shares stood level with June's adjusted net asset value of 902p a share, which was itself down from 925p in the prior period. That NAV is a June valuation. If yields keep rising it can fall, so parity with it is a reference point and not a floor.

The more important comparison is with Prologis's offer. Shareholders approved the scheme of arrangement on 28 September, with 98.12 per cent of scheme shares voted in favour at the court meeting and 98.14 per cent at the general meeting. The Times put the deal at £14.3 billion when Segro accepted it on 4 August, and The Independent reported that Segro had rebuffed three earlier approaches, the last worth about £13.5 billion. Press reports from 13 to 18 October cited a value of 1,031.7p a share and an exchange ratio of 0.092 Prologis shares per Segro share. Those reports sit awkwardly with today's description of a "Best and Final" offer, which under the Takeover Code generally cannot be raised, so the figure may simply be the fixed ratio marked at Prologis's share price on a given day.

The gap of roughly 13 per cent between the share price and that reported value is wide for a deal shareholders have backed. It pays for three things: about eight months of waiting, the chance that regulators delay or block the deal or demand asset sales, and the movement in Prologis shares and the dollar, since the consideration is mainly paper. A holder today is partly a holder of Prologis. If the deal failed, the shares would trade on Segro's own rents, NAV and balance sheet, with the 52-week low of 632.2p a reminder of where they stood earlier this year. For income, the 2025 dividend declared was 31.1p a share.

FIGURE	VALUE	CHANGE
Adjusted NAV per share 30 Jun 2026	902p	-2.5% prior 925p

FIGURE	VALUE	CHANGE
Market capitalisation	£12.19bn	
Court Meeting approval 28 Sep 2026	98.12%	80.43% of scheme shareholders by number
General Meeting approval 28 Sep 2026	98.14%	
Takeover value reported on acceptance 4 Aug 2026	£14.3bn	
Dividend declared per share FY 2025	31.1p	final 21.4p
Shares in issue 12 Oct 2026	1,354,122,167	
Sources: H1 2026 results, 30 Jul 2026; Price & valuation; Results of Court and General Meetings RNS, 28 Sep 2026; The Times, 4 Aug 2026; Dividend policy, 2025-12-31; Rule 2.9 Announcement RNS, 12 Oct 2026		

An orderly slide from the July high, with no capitulation



The shares peaked at the 52-week high of 997.4p on 28 July, days before Segro accepted the offer, and have drifted down since. Swing lows came at 924p on 15 September and 899p on 8 October, and the 20 October close of 901.4p left the shares about 4.5 per cent lower over the final week before the update. The price briefly reached 956p on 14 October, after the reported 13 October offer value, and then fell back.

The selling has been steady and on light volume. On-balance volume, a running total that adds volume on up days and subtracts it on down days, is below its 20-day average, so down days have dominated. The last session before the update traded at 0.55 times average volume, which does not look like forced selling. The 14-day relative strength index was 38.2. The histogram of the MACD indicator (a measure of momentum from moving averages) made a higher low as price made a lower low, a sign that selling pressure is easing, though price has not yet confirmed it.

The longer trend still points up, with the price about 10.7 per cent above a rising 200-day average of 814.63p. Nearer levels matter more for the coming weeks. Support sits at 895.6p, close to the current price, with 845.6p below that. Resistance sits at 952p, tested seven times since September. A move through 952p on rising volume would suggest buyers returning, and a break below 895.6p would point towards 845.6p. The FTSE All-Share was flat over the three months to 20 October, so the weakness has been specific to Segro and its deal. Disclosed short positions totalled 1.85 per cent of shares across five holders at the latest filing on 20 August.

FIGURE	VALUE	CHANGE
52-week range	632.20p to 997.40p	
Day range	888.00p to 901.40p	
FTSE All-Share 20 Oct 2026	5,769.65	+0.1% +over three months

Disclosed short positions

1.85% 5 positions

latest 20 Aug 2026

Sources: Price & valuation; UK economy and markets; Disclosed short positions

The case for and against

FOR

The case for rests on a business doing well beneath a deal its owners have backed. Reversion is accelerating in the UK (43 per cent against 38 per cent at the first quarter), occupancy is rising, retention is 80 per cent and assets are selling above book value, which gives some outside evidence that the June valuations are not stale. First-half earnings per share grew 6.6 per cent and the interim dividend rose. With 98 per cent of votes in favour and completion expected in H1 2027, a roughly 13 per cent gap to the reported offer value would close if the deal completes and Prologis shares and the dollar hold. If the deal stalls, a signed hyperscaler pre-let and a c.£500 million joint venture would support Segro's value on its own, with £1.2 billion of liquidity behind it.

AGAINST

The case against starts with the deal. Clearance is not yet secured, the timetable runs to mid-2027, and the consideration exposes holders to Prologis's share price and to sterling against the dollar for that whole period. The reported offer value has not been reconciled with the "Best and Final" wording, so the true gap is uncertain. On Segro's own figures, development signings slowed to £2 million in the third quarter, LTV rose two points despite disposals, net debt is 8.3 times EBITDA and new debt costs around 4 per cent against an older average of 2.5 per cent. Long gilt yields of 5.64 per cent threaten valuations, and the 2025 cash-flow figures disagree on whether the dividend was covered. A failed deal would leave the shares exposed to all of this, with the 632.2p low from earlier this year as a guide to where they once traded.

WHAT TO WATCH

Several events will show which case holds. On the deal, watch for regulatory milestones, any demand for asset sales, and the daily value of 0.092 Prologis shares converted into sterling against Segro's price. On the business, the hyperscaler pre-let, the joint venture and the £57 million disposal completing by the year end will show whether the third-quarter slowdown was timing. The full-year results on 10 February 2027 will bring a fresh valuation, and with it a new NAV and LTV, along with the second-half capex figure and, in the annual report, cash-flow figures that settle the dividend-cover question.

Risks

- ⚠ Regulatory processes for the Prologis combination could delay completion beyond H1 2027, require asset sales or block the deal, leaving the shares to trade on Segro's standalone value.
- ⚠ The consideration is principally Prologis shares, so a fall in Prologis's share price or a stronger pound would reduce the sterling value holders receive.
- ⚠ Ten-year gilt yields of 5.64 per cent could push property valuations below June's levels, lifting LTV from 33 per cent and lowering NAV from 902p a share.

- ! Development signings slowed to £2 million in the third quarter, and the hyperscaler pre-let and c.£500 million joint venture remain unsigned.
- ! Second-half development capex implied by guidance is £324 million to £374 million, funded partly by disposal and joint-venture proceeds that have not yet been received.
- ! The 2025 cash-flow figures conflict (£396 million or £492 million of operating cash flow against £405 million of dividends), so cash cover of the dividend is unconfirmed.

THE OTHER VIEW

A less comfortable reading of the same update is that the operating momentum peaked in the first half. The nine-month headline of £70 million hides a third quarter that added £17 million, with development lettings at £2 million against £26 million in the first half, while LTV rose two points even after £223 million of sales. The UK reversion figure is strong, but Continental Europe managed 5 per cent, and the disposals gave up rent at an implied yield of about 4.9 per cent while new debt costs around 4 per cent. On this view, the share price slide from 997.4p in July on steady down-day volume, and its failure to hold the 14 October bounce, reflects a market pricing a real chance that the deal slips or fails into a standalone business whose growth is slowing and whose valuation is exposed to rising yields. On that reading, the gap to the reported offer value compensates holders for genuine risk and should not be read as a mispricing.

This report was produced on 21 October 2026 by Ticker's research system, which uses AI models to analyse a company's announcements, filings and market data, and was approved for publication on 21 October 2026. It is not a recommendation to buy, sell or hold any security, and Ticker does not rate the companies it covers in published research. It is not personal advice. The value of investments can fall as well as rise and you may get back less than you invest. Past performance is not a reliable indicator of future results.

This research is produced by Ticker using automated analysis of company announcements, filings and market data. It is for information only, is not personal advice or a recommendation to buy or sell any security, and may contain errors. Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise.