

Session 2 Data Package:

1. REIT Annual Reports (Most Recent)

- **British Land plc** – (in session 1)
- **Land Securities Group plc** – (in session 1)
- **Segro plc** – (2 files 2024)

2. Sector Benchmark Data

Context for peer comparison:

Loan-to-Value (LTV) Ratios:

- **Sector Range:** 25-40% (typical range for UK REITs)
- **Examples from current data:**
 - Supermarket Income REIT: 37% LTV
 - REI plc: 32% LTV (26.4% net of cash)
 - **Covenant levels:** Typically around 50-60% maximum
 - **Conservative range:** 25-35% considered strong financial position

Occupancy Rates:

- **Prime REITs:** 95-100% (e.g., Supermarket Income REIT at 100%)
- **Sector average:** 85-95%
- **Pre-pandemic comparison:** Most prime REITs were at 95%+ occupancy

Dividend Yields:

- **Current range:** 4-8% for established REITs
- **Sector examples:**
 - British Land: 4.8% yield (22.80p dividend on ~£4.75 share price)
 - REI plc: 6.7% yield (1.9p dividend)
 - Higher-risk REITs: Up to 11% (smaller/specialist REITs)
- **90% distribution requirement:** UK REITs must distribute 90% of rental profits

Interest Rate Environment

Bank of England Base Rate: Current rate @ 4.0% (as of September 2025)

UK Gilt Yields: 10-year gilt yield @ ~4.7% (September 2025)

Property Market Context

Office Yields:

- **Prime Central London:** ~4-5%
- **City of London:** ~5-6%
- **Regional offices:** 6-8%
- **Yield movement:** Expanding from 2022 lows, now stabilising

- **2024 forecast:** Selective yield compression expected as rates peak

Rental Growth by Sector (2024-2025):

Industrial/Logistics:

- **Forecast growth:** 3.2% p.a. (2024-2028)
- **Current performance:** Strongest sector for rental growth
- **Drivers:** E-commerce demand, supply chain resilience

Office:

- **West End:** 2.7% p.a. expected growth
- **Prime markets:** ~3% growth forecast for 2024
- **Regional offices:** 1-2% growth expected
- **Quality premium:** Flight to quality driving prime rental growth

Retail:

- **Overall:** Modest growth 0-2%
- **Retail warehouses:** Outperforming at 2-3%
- **Shopping centres:** Limited growth 0-1%
- **High street:** Negative to flat growth

Market Recovery Context:

- **Capital value growth:** Turned positive in December 2024 (+1.8% for year)
- **Total returns 2024:** 7.7% (above long-term average of 7.2%)
- **Investment volumes:** Expected 15% increase to £53bn in 2025
- **Cycle position:** Market consensus that trough reached in 2023-2024

2. Key Financial Data Summary Sheet

summary for each REIT with core metrics:

BRITISH LAND PLC - KEY METRICS (Updated from 2025 Annual Report)

Financial Strength:

- **LTV Ratio:** 38.1% (proportionally consolidated)
- **Net Debt:** £3.6bn (adjusted net debt)
- **Debt Maturity (weighted average):** 5.0 years
- **Interest Coverage Ratio:** 3.7x (proportionally consolidated)
- **Available Liquidity:** £1.8bn (undrawn facilities and cash)
- **Debt Covenant Level:** Not breached - comfortable headroom

Operational Performance:

- **Portfolio Occupancy:**
 - Campuses: 96.5% (excluding new developments)
 - Retail & London Urban Logistics: 98.6%
- **Like-for-like Rental Growth:**
 - Campuses: +2.0%
 - Retail & London Urban Logistics: +5.0%
 - Total Portfolio: +3.0%
- **WALL (Weighted Average Lease Length):**
 - Campuses: 6.2 years to first break
 - Retail & London Urban Logistics: 4.6 years to first break
 - Group Total: 7.2 years (break years), 8.4 years (expiry years)
- **Development Pipeline:** £1.6bn (total development value)

Valuation Metrics:

- **NAV per share (EPRA NTA):** 567p
- **Current Share Price:** 422p (October 2024 equity placing price)
- **P/NAV Ratio:** 0.74x (26% discount to NAV)
- **Dividend per share:** 22.80p (total for year ended March 2025)
 - Interim: 12.24p
 - Final: 10.56p
- **Underlying EPS:** 28.5p
- **Dividend Coverage:** 1.25x (28.5p EPS vs 22.80p dividend)

Market Data:

- **Dividend Yield:** 5.4% (based on 422p share price)
- **Total Accounting Return:** 5.0% (2025 vs -0.5% in 2024)
- **Portfolio Valuation Growth:** +1.6%
- **Weighted Average Interest Rate:** 3.6%
- **Net Debt to EBITDA:** 8.0x (Group), 9.3x (proportionally consolidated)

Key Changes from Previous Summary:

- LTV increased from 42% to 38.1% (actual 2025 figure)
- Net debt increased from £3.2bn to £3.6bn

- Debt maturity decreased from 6.2 to 5.0 years
- Interest coverage decreased from 4.1x to 3.7x
- Available liquidity increased from £850m to £1.8bn
- Portfolio occupancy varies by sector (campuses 96.5%, retail 98.6%)
- Like-for-like rental growth varies significantly (retail outperforming at +5%)
- NAV increased from £5.15 to 567p (£5.67)
- Share price reference updated to 422p (equity placing price)
- Dividend coverage decreased from 1.35x to 1.25x
- Yield decreased from 6.2% to 5.4%

LAND SECURITIES GROUP PLC (LANDSEC) - KEY METRICS (Updated from 2025 Annual Report)

Financial Strength:

- **LTV Ratio:** 39.3% (including share of JVs)
- **Net Debt:** £4.3bn (adjusted net debt)
- **Debt Maturity (weighted average):** 9.6 years
- **Interest Coverage Ratio:** 3.6x
- **Available Liquidity:** £1.1bn (cash and undrawn facilities)
- **Debt Covenant Level:** Security Group LTV 41.9% (well below 65% threshold)

Operational Performance:

- **Portfolio Occupancy:** 97.2% (like-for-like)
 - EPRA vacancy rate: 2.8%
- **Like-for-like Net Rental Income Growth:** +5.0%
 - Central London: +6.6%
 - Major Retail: +5.1%
 - Mixed-use: +2.8%
- **WALL (Weighted Average Lease Length):**
 - To break: 5.3 years
 - To expiry: 6.7 years
- **Development Pipeline:** Limited disclosure - scaling back office development by 50%
- **ERV Growth:** +4.2% portfolio-wide

Valuation Metrics:

- **NAV per share (EPRA NTA):** 874p
- **Current Share Price:** ~566p (3-month average to March 2025)
- **P/NAV Ratio:** 0.65x (35% discount to NAV)
- **Dividend per share:** 40.4p (total for year ended March 2025)
- **EPRA EPS:** 50.3p
- **Dividend Coverage:** 1.25x (50.3p EPS vs 40.4p dividend)

Market Data:

- **Dividend Yield:** 7.1% (based on 566p average share price)
- **Total Return on Equity:** 6.4%
- **Portfolio Valuation Growth:** +1.1%
- **Weighted Average Cost of Debt:** 3.4%
- **Net Debt to EBITDA:** 8.9x (period-end), 7.9x (weighted average)
- **EPRA Net Initial Yield:** 5.4%
- **EPRA Topped-up Net Initial Yield:** 6.0%

Portfolio Composition (by value):

- **Central London:** 62% (£6.7bn) - offices and retail

- **Major Retail:** 24% (£2.6bn) - shopping centres and outlets
- **Mixed-use Urban:** 7% (£0.8bn) - residential development potential
- **Subscale:** 7% - assets for divestment

Key Changes from Previous Summary:

- LTV increased to 39.3% vs previous estimates (within 25-40% target range)
- Net debt significantly higher at £4.3bn vs previous estimates
- Much longer debt maturity at 9.6 years vs previous assumptions
- Interest coverage at 3.6x vs previous estimates
- Occupancy very strong at 97.2% like-for-like
- Exceptional like-for-like rental growth at +5.0%
- NAV per share at 874p vs previous estimates
- Significant discount to NAV at 35%
- Higher dividend yield at 7.1% due to share price discount
- Net Debt to EBITDA elevated at 8.9x (period-end) due to Liverpool ONE acquisition

Strategic Focus:

- **Portfolio Rebalancing:** Reducing office development exposure by 50%
- **Residential Growth:** Building £2bn+ residential platform
- **Capital Recycling:** £2bn capital release from offices to fund residential
- **Quality Focus:** Concentrating on best-in-class assets in key urban locations

SEGRO PLC - KEY METRICS (Updated from December 2024 Report)

Financial Strength:

- **LTV Ratio:** Estimated ~25-35% (based on REIT standard practices)*
- **Net Debt:** Not explicitly disclosed in available reports*
- **Debt Maturity (weighted average):** Not disclosed in available reports*
- **Interest Coverage Ratio:** Not disclosed in available reports*
- **Available Liquidity:** Not disclosed in available reports*
- **Debt Covenant Level:** Maintained within required thresholds*

Operational Performance:

- **Portfolio Occupancy:** 94.0% (by ERV)
 - UK: 92.6%
 - Continental Europe: 96.3%
- **Like-for-like Rental Growth:** Not explicitly disclosed in available data*
- **WALL (Weighted Average Lease Length):**
 - Break years: 8.5 years (UK), 5.3 years (Continental Europe)
 - Expiry years: 9.8 years (UK), 6.3 years (Continental Europe)
 - Group Total: 7.2 years (break), 8.4 years (expiry)
- **Development Pipeline:** £2.3bn land & development portfolio
- **ERV Growth:** 3.2% (Group total)
 - UK: 3.7%
 - Continental Europe: 2.3%

Valuation Metrics:

- **Portfolio Valuation:** £20.3bn (assets under management)
 - SEGRO share: £17.8bn
- **Portfolio Valuation Growth:** +0.9% (held throughout properties)
- **Passing Rent:** £665m
- **Headline Rent:** £727m
- **ERV:** £900m
- **Current Share Price:** Not available from property analysis report*
- **Dividend per share:** Not available from property analysis report*

Market Data:

- **Net Initial Yield:** 4.4% (topped-up)
- **Net True Equivalent Yield:** 5.4%
- **Retention Rate:** 80% (2024), 81% (2023)
- **Total Take-up:** £101m (2024), £102m (2023)
- **Rental Income Contracted:** £91m (2024), £88m (2023)

Portfolio Composition (by value, SEGRO share):

- **UK:** 57% (£11.5bn) - Mix of big box, urban warehouses, data centres
- **Continental Europe:** 43% (£8.8bn) - Primarily big box and urban warehouses

- Germany: £2.5bn
- France: £2.3bn
- Poland: £1.3bn
- Italy: £1.3bn
- Netherlands: £0.6bn
- Spain: £0.6bn
- Czech Republic: £0.2bn

Asset Type Split (by value, SEGRO share):

- **Big Box Warehouses:** 37% (£7.4bn)
- **Urban Warehouses:** 44% (£8.8bn)
- **Data Centres:** 6% (£1.3bn)
- **Other Uses:** 2% (£0.4bn)
- **Land & Development:** 11% (£2.3bn)

Geographic Performance Highlights:

- **Strongest Occupancy:** Netherlands (99.3%), Spain (100.0%), Italy (98.5%)
- **Highest Yields:** Poland (6.2% topped-up NIY), Czech Republic (5.3%)
- **Best ERV Growth:** Netherlands (6.5%), Spain (0.3%)

Key Operational Metrics:

- **Total Lettable Area:** 10.3 million sq m (SEGRO share: 7.6 million sq m)
- **Diversified Customer Base:** Top 20 customers represent 33% of headline rent
- **Strong Retention:** 80% retention rate on lease breaks/expiries
- **Development Activity:** Active pipeline with focus on pre-letting

Key Changes from Previous Summary:

- Portfolio valuation at £20.3bn total, £17.8bn SEGRO share
- Strong occupancy at 94.0% overall
- Excellent lease length profile with weighted average of 7.2 years to break
- Significant geographical diversification across 8 European countries
- Strong focus on logistics real estate with growing data centre exposure
- 0.9% portfolio growth despite challenging market conditions
- High retention rate demonstrates customer satisfaction