

SEGRO (SGRO LN)

First View: Cash Box for Development Funding

Key Takeaways

SGRO 9.9% cash box placing of 74.8m new ords to raise c. £340m to fund near-term development and capture the pick-up in pre-leasing activity in core markets with £6m net rent signed since 30 June. Accompanying trading update reaffirms continuing pick-up in UK tenant demand post BREXIT vote. £456m of cap ex has been identified over the next 2yrs of which £199m is committed to the current pipeline and a further £140m on the potential pipeline which are either pre-let or agreed subject to planning approval.

There are further speculative, urban warehouse development projects totaling £117m, of which management expects most to commence within the next 6 to 12mths subject to continuing favourable occupier markets. The shares have bounced to a -3% discount to NAV and yield 3.6% after the sector fillip on GICS reclassification of REITs as a separate S&P/MSCI sector (1/9/16). Should have been debt financed and confirms our suspicion that the sector is expensive post the BREXIT currency bounce.

HOLD

Bloomberg LSE: SGRO LN
Price target 425.00p
Price 455.20p^

^Prior trading day's closing price unless otherwise noted.

Mike Prew *

Equity Analyst

+44 (0) 20 7029 8422 mprew@jefferies.com

Andrew Gill *

Equity Analyst

+44 (0) 20 7029 8423 agill1@jefferies.com

* Jefferies International Limited

Company Description

SEGRO is a UK REIT with a focus on UK and European Industrial property.

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(Article 3(1)e and Article 7 of MAR)

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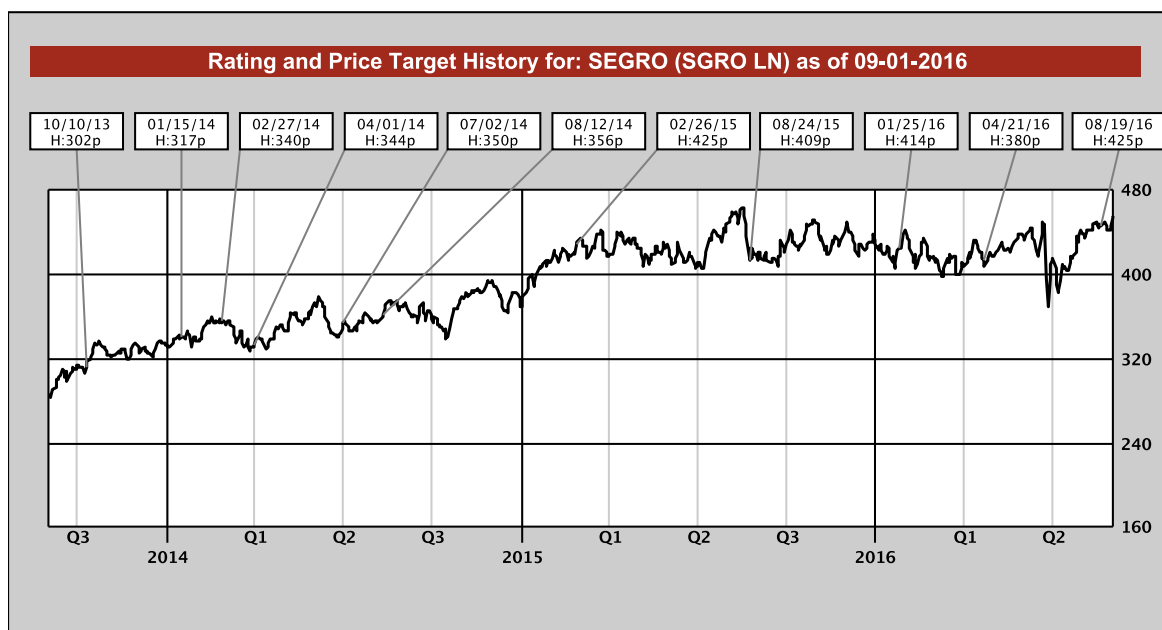
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- SEGRO (SGRO LN: p455.20, HOLD)



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			Count	Percent
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