Press release
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Prologis vs SEGRO: not at this price!

Commenting on Prologis's all-share indicative proposal for SEGRO, and SEGRO's counter, Matthew Norris, Head of Real Estate Securities at Gravis, said:

"Prologis deserves credit for doing what a strategic buyer should do when it sees opportunity. But SEGRO is equally right to imply that no deal is better than a bad deal."

Following the rejection of Prologis's initial approach of an all-share indicative proposal worth £9.25 a share, SEGRO has countered with a value bridge to £11.47 of standalone value and potential strategic worth of £13.11.

"The board has already rejected Prologis's first approach as it believed the proposal failed to adequately compensate shareholders for long-term strategic value," continued Norris.

Part of Prologis' case is global diversification and execution. "Data centres are relatively small for both businesses today, but loom larger in the argument about future worth," said Norris. SEGRO says data-centre net rental income could exceed 30% by 2035, up from 7% in 2025. "Prologis' execution capabilities may improve deliverability, but the trade-off for SEGRO shareholders is sharing potential upside across a much larger shareholder base."

The same logic applies to JVs, according to Norris. "Prologis is right that they dilute project-level upside, but a JV shares economics on selected projects; a takeover transfers control of the whole platform."

SEGRO management has set out more than £1bn of incremental rental income potential and a route to adjusted EPS of c.50p by 2030, up from 36.6p in 2025, drawing on the existing portfolio, new industrial and logistics developments, and data-centre projects. "Delivery still matters and success is not guaranteed, but the potential should not be ignored," Norris stated.

Let the negotiations begin

"Prologis says engagement is the best route to maximise value," continued Norris, "but SEGRO says, quite rightly in my view, 'not at this price'. Its accusation is that Prologis is trying to buy it 'on the cheap', but David Sleath's reported comment that 'the ball is in [Prologis's] court' leaves scope for a meeting point.

"Both companies deserve credit for putting plans, valuations and ideas before shareholders early. This is how it should be. In many M&A situations, investors see too little detail, too late, or only after a board position has solidified.

"If Prologis wants one of Europe's best-located logistics and data-centre options, any bridge across the divide is likely to lie somewhere between its initial indicative proposal and SEGRO's assessment of worth," concluded Norris.

Disclosure: Gravis invests in both Prologis and SEGRO.

Ends

For more information, or to talk to Matthew Norris, please contact:

Sam Slator

sam.slator@graviscapital.com

020 3405 8554 / 07547994945

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