INTUITION
14 AUGUST 2026

Prologis Bids for Segro

Prologis' bid to acquire Segro at a 45% premium to the pre-offer share price was not an outcome we anticipated when we first invested for clients. That said, it's clearly a welcome one. Harvard House does not base investment decisions on speculation about potential takeovers at significant premiums. Instead, we focus on owning quality businesses when we believe their assets and prospects are not fully reflected in the share price. Occasionally, that value is recognised by another company willing to pay a substantial premium where the market does not. When that happens, it is best viewed as a accelerated outcome rather than a key part of the original investment case

Daniel Reynard

In May, my article titled "Segro plc: Watts and Warehouses" described Segro as a strong European property business with two important sources of demand: online shopping and digital infrastructure. Segro's appeal rested on three difficult-to-replicate assets: last-mile warehouses in dense urban areas, large distribution centres on the edge of major European cities, and a 3-gigawatt power bank for AI-related data centre development. Robust operating metrics validate the quality of the properties: Segro's record leasing, higher rents on renewed leases, and a sensible balance sheet give the business a clear path to steady dividend growth.

Prologis is the world's largest owner of logistics property, with a large footprint across the US, Europe, Asia, and Latin America. Segro would add to its European business in areas where suitable land is limited and tenant demand is strong, especially around major cities such as London, Paris, and Berlin. It would also deepen Prologis' exposure to urban warehouses, large distribution sites, and land with power connections for data centre development. In that sense, Segro provides a portfolio which would be difficult, slow, and expensive for Prologis to build itself.

What Prologis is paying

Recent reports put the revised terms in the region of £14 billion, or just over £10 per Segro share. That represents a meaningful premium to where the company traded before Prologis' interest became public. The broad message is that a large, long-term buyer has placed a firm value on assets at a price the market was not willing to pay.

SPEED READ

- **Prologis has launched a recommended c.£14 billion bid for Segro, valuing the company at 1,032p per share and representing a roughly 45% premium to the undisturbed pre-offer share price. Segro's board recommends that shareholders accept the offer.**
- **Including Segro's expected final dividend, the implied value rises to 1,054.3p per share. The proposed consideration is primarily in Prologis shares, alongside a £3.5 billion partial cash option and an intended secondary London listing.**
- **The offer supports the argument made in May: well-located European warehouses and land with strong power connections are difficult to replace.**
- **The transaction highlights how quality property companies can trade at meaningful discounts to net asset value, particularly when sentiment toward the sector is weak, largely due to UK politics.**
- **Our clients have benefited from that value being recognised, while sentiment toward the wider UK-listed property sector has improved.**

When public markets underprice quality

Segro is a textbook example of how public equity markets can underappreciate high-quality property companies. Listed property shares often trade at a discount to Net Asset Value (NAV) - the stated balance-sheet value of a firm's land and buildings. Higher interest rates, sluggish regional growth, and political uncertainty have driven many UK and European property companies to trade well below their asset values. A lot of the time, that public market discount is deserved because the market anticipates operational underperformance. At other times, however, it simply reflects weak macro sentiment rather than a fair assessment of the underlying real estate.

Offer detail	Reported terms
Offer value	Approximately £14 billion
Value per SEGRO share	1,032 pence before the expected final dividend
Implied total value	1,054.3 pence per share including the expected final dividend
Main payment	0.0920 new Prologis shares for every 1 SEGRO share held
Cash option	Partial cash option of up to £3.5 billion
Dividends	SEGRO shareholders expected to retain the final dividend
London listing	Prologis expected to seek a secondary London listing

This is precisely the valuation gap that Prologis helps to highlight. Public market discounts can make a great business look mediocre on a screen, but a long-term strategic buyer looks through short-term market noise and asks a fundamental question: What would it cost to recreate these assets?

For Segro, the answer is straightforward: rebuilding its prime landbank, tenant base, inflation-linked cash flows, and 3-gigawatt power queue in supply-constrained European cities would be extraordinarily slow and expensive. While public investors often focus heavily on headline dividend yields, the Prologis transaction demonstrates that discounts to NAV cannot be ignored indefinitely. When the disconnect becomes too wide, patient institutional capital will step in to pay a premium for scarce, high-quality assets that the public market fails to price fairly.

For our clients, this outcome is encouraging. It accelerates value recognition that might otherwise have taken years to unfold, while also encouraging the broader market to re-evaluate the deep discounts applied across the high-quality UK listed property sector.

Client takeaways

The Prologis transaction supports the key points we highlighted in our May article: good assets, sensible borrowing, and scarce land with useful power connections can create long-term value. It also highlights an important lesson for clients: public markets can sometimes overlook quality when sentiment is poor. Owning the right businesses through those periods can be rewarding when value is eventually recognised, whether through dividends, growth, or an outside buyer. In this case, our clients have benefitted from that recognition, while the wider UK-listed property sector has also received a welcome boost in sentiment.

SEGRO'S PREMIUM / (DISCOUNT) TO NET ASSET VALUE

Segro has traded at an average discount to net asset value of c.17% over the last 2-year period

SEGRO LOGISTICS PARK PRAGUE

Segro has numerous undervalued assets which Prologis has identified as a buying opportunity.

Our next seminar will delve into the complicated world of AI and articulate how we have positioned portfolios to benefit from this fast-moving technology."

[Harvard House is on Facebook](#)

[Harvard House is on YouTube](#)

CONTACT DETAILS:

For more information on the range of products and services offered by Harvard House Investment Management and its associated companies (including Harvard House, Chartered Accountants), or for any financial advice, please contact the Company at:

Topic:	Positioning your portfolio for AI

Natal Midlands

Date:	10th of September, 2026
Venue:	Christ Church Howick, 23 Mare Street, Howick
Morning Time:	10am for 10.30am
Evening Time:	5.30pm for 6pm

Johannesburg

Date:	8th of September, 2026
Venue:	Rosebank Union Church, Cnr Winne Mandela Drive and St Andrews Road, Hurlingham
Time:	7am for 7.30am

Cape Town

Date:	N/A
Venue:	J&J Belmont Square, Belmont Road, Rondebosch
Time:	7.30am
Venue:	Helderberg Village Lifestyle Estate, 63 Bakkerskloof Rd, Helderberg Village, Cape Town
Time:	5.30pm for 6pm

HARVARD HOUSE GROUP

3 Harvard Street, Howick, 3290, South Africa
P.O. Box 235, Howick, 3290, South Africa
+27 (0) 33 330 2164
+27 (0) 33 330 2617
@ admin@hhgroup.co.za
W www.hhgroup.co.za