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WHERE BUSINESS WORKS

Investors Conference Call
Central Europe Market Overview

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Introduction
- Central Europe Overview

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- Area of huge GDP growth in last 5 years, property demand has followed
- Driven by ‘economic revolution’ – EU admission, consumer boom etc
- Lack of supply & pace of demand have driven rental growth & land prices so far
- Investment market has evolved, some yield compression in recent years
- Central Europe becoming a ‘mature’ property market

But Now Delayed Impact of : 1) General Economic Slowdown

- will slow growth, in some cases stop it

2) Liquidity Crisis

- effects more dramatic than W. Europe

Central Europe More Vulnerable To Economic Slowdown Than West,
But It Will Respond More Quickly When The Market Recovers

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SEGRO In Continental Europe

SEGRO is a multinational property investment and development company operating out of **14** offices in **9** countries in Continental Europe, serving a diversified customer base of over **350** companies from start-ups to global corporations in a wide range of business sectors.

Country	Year Est.	SEGRO Office Locations
Belgium	1962	Brussels
France	1972	Paris (Also Europe HQ), Lyon
Germany	1974	Düsseldorf, Frankfurt, Berlin
Netherlands	2005	Amsterdam
Poland	**2006**	**Poznan, Warsaw, Katowice**
Czech Republic	**2006**	**Prague**
Hungary	**2006**	**Budapest**
Italy	2007	Milan
Spain	2008	Madrid

SEGRO Have Developed A Strong Position In Central Europe, 5 Offices, 35 Employees, Over 500,000m² of Logistics Space Built

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Property Sales In 2008

The Investment market is still active…

- Tulipan House Warsaw
- 17,898m² (192,652 sq ft) Class A Office
- Sold in June to Commerz Real
- €59.7m

- Vendel Park Budapest
- 29,200m² (314,306 sq ft) Prime Logistics
- Sold in October to SEB
- €20m

Two Major Sales Achieved In 2008, SEGRO Will Continue Strategy Of Selling Properties Where We Can Add No Further Value

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Some Thoughts

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BACKDROP

- Migration to ‘lower cost countries’ from the West continues, but is slowing down
- More bankruptcies generally
- Effects of currency depreciation
- Auto Industry crisis

But going forward…

- Huge infrastructure improvements
- Continuing GDP growth
- Euro Adoption

IMPLICATIONS

- Large Logistics requirements reducing in size, but demand remains robust
- In short term rents will soften, but good recovery prospects in longer term
- Fall in developer owned land prices & construction costs
- Investment demand for prime new product will remain in stable markets
- Expected Yields shifts not as pronounced as Western markets because yield movement has been much smaller in these markets
- Most development activity currently suspended by main players due to market conditions – no major oversupply is expected as a result

We Are Now At A Turning Point,
Central Europe Less Impacted Than Eastern Europe

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Poland
- Logistics / Industrial Market

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Economy

EU member since 2004	No target for € adoption
Population	38.1m
GDP per Capita	$16.3k
GDP Growth 2008e	5.2%
GDP Growth 2009e	3.3%
Inflation 2008e	4%
Inflation 2009e	3.3%
Currency (Zloty)	A3 risk - stable

Source The Economist Magazine

SEGRO Locations

Logistics Stock	Completed	Under Construction
Total Market	4,871,000m²	1,243,000m²
SEGRO	278,916m²	180,933m² (08 Completion)

Market Trends

- Prime rents (currently €72m² Warsaw) now topping out, likely to stabilise then soften
- Prime yields (currently 6.75%*), expected to soften
- Vacancy levels (market currently 7.7%*) will increase, but not dramatically
- Domestic market effected most, International demand remains robust especially Warsaw

* Sources Used Recent Research By King Sturge, JLL & CW

Opportunities & Challenges

- Warsaw supply still restricted
- New Infrastructure completions will help regions grow
- Increased competition amongst developers but market dominated by three largest players
- Good growth potential in outer regions (Gdansk, Wroclaw etc)

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Czech Republic
- Logistics / Industrial Market

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Economy

EU member since 2004	€ Target 2012e
Population	10.3m
GDP per Capita	$24.3k
GDP Growth 2008e	4%
GDP Growth 2009e	3.4%
Inflation 2008e	6.7%
Inflation 2009e	3.4%
Currency (Czech Corona)	A2 risk - weak

Source The Economist

Market Trends

- Prime rents (currently €48m² Prague), likely to soften slightly over time
- Prime yields (currently 7.5%*), expected to soften
- Vacancy levels (market currently 10%*) – likely to fluctuate
- Domestic market effected more, International demand remains robust
- Market is small and heading for oversupply in pockets
- Logistics developers have constrained the supply

* Sources Used Recent Research By King Sturge, JLL & CW

SEGRO Locations

Logistics Stock	Completed	Under Construction
Total Market	3,000,000m²	500,000m²
SEGRO	37,606m²	38,885m² (08 Completion)

Opportunities & Challenges

- Improved road network will open up regional opportunities in Brno, Ostrava etc and perhaps reduce dominance of Prague
- Dependence on Auto Industry is a concern
- SEGRO will remain focused on Prague and Ostrava

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Hungary
- Logistics / Industrial Market

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Economy

EU member since 2004	€ Target 2011e
Population	10.1m
GDP per Capita	$19k
GDP Growth 2008e	1.9%
GDP Growth 2009e	2.3%
Inflation 2008e	6.3%
Inflation 2009e	4.1%
Currency (Forint)	A3 risk - stable

Source The Economist

Market Trends

- Prime rents (currently €78m² Budapest) expected to soften slightly
- Prime yields (currently 7.5%*), expected to soften
- Vacancy levels (currently 13.5%*) but should reduce over time (vacancy would only be 8% without effect of Rynnart bankrupcy)
- International demand reduced, domestic market will improve in line with economy

* Sources Used Recent Research By King Sturge, JLL & CW

SEGRO Locations

Logistics Stock	Completed	Under Construction
Total Market	1,450,000m²	300,000m²
SEGRO	29,216m² (sold)	None

Opportunities & Challenges

- SEGRO have sold all standing investments and plan no speculative development for the time being
- We are confident that airport zone in Budapest remains a good long term play
- Until economy improves investor appetite will remain weak
- Currency weakness a challenge

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Eastern Europe
- Some Thoughts

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- SEGRO not yet operational in Eastern Europe although we have a watching brief over these markets
- Romania, Bulgaria etc will be hit harder by liquidity issues than CE
- Yields here will move out further than CE
- Lack of good infrastructure will restrict growth for many years to come
- Investment market is still very immature
- But these countries represent the next wave of low cost movement
- Long term prospects are therefore good

Summary

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Central Europe

- General economic slowdown inevitable
- Poland should remain fairly robust, Czech neutral (very dependent on Germany), Hungary more challenging
- Yield realignment expected in all countries
- Vacancy levels likely to increase and rents soften short term but ongoing convergence with Western Europe continues
- Still a lack of prime good quality logistics space for investors
- Major International Logistics occupiers continue to grow in key locations

CEE Will Be Affected By The Global Economic Slowdown In Short Term, But Fundamentals Are There For Logistics Growth In Mid To Long Term

Appendices

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Background On SEGRO

What We Do - Flexible Business Space

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SEGRO defines the provision of flexible business space as:

'The development of industrial sites and business parks in strategic locations across Europe to provide business space appropriate to customer requirements.'

The business space we provide includes:

- Manufacturing & light industrial
- Warehousing & distribution
- Data Centres
- R&D
- Suburban offices

The Strategy Is To Develop Clusters Of Flexible Business Space In Key Economic Growth Areas & Logistics Corridors Across Europe

Continental Europe Overview
As at 30th June 2008

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- Built space — 2.4m sq.m (25.8m sq.ft)
- Property assets — €2.1bn
- Annual rent roll — €128.0m
- Land bank — 373 hectares
- Lettings 2008 (30.09.08) — 293,000 sq.m
- Completions 2008 (30.09.08) — 290,000 sq.m (68% Leased)
- Under Construction With Completion In 2009 (30.09.08) — 226,000 sq.m (36% Leased)
- Potential starts mid term — 1.8m sq.m

Continental Europe
- Country Overviews as at 30th June 2008

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Country	Total Continental European Portfolio	
	Square Metres At 30.06.08	Rent Roll At 30.06.08 (pa)
Belgium	267,118	€ 18.1m
Netherlands	86,046	€ 4.4m
France	612,659	€ 26.6m
Germany	1,007,803	€ 34.0m
Czech Republic	**37,606**	**€ 1.2m**
Poland	**261,493**	**€ 7.9m**
Hungary	**29,216**	**€ 0.6m**
Italy / Spain	145,877	€ 8.5m
Totals	**2,447,818**	**€101.3m**
	Includes all traders, investment properties and 100% share of joint ventures	