



SEGR

FOCUSING ON STAKEHOLDERS



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Our UK business is located on 832 hectares of land concentrated in the south of England, it has 2.6 million sq m of space in 79 separate holdings, serves 1,469 occupiers with a rent roll of £190.6 million per annum (excluding HelioSlough). Our Continental European business is located on 795 hectares of land over nine countries. It has 2 million sq m of space in 145 separate holdings, serves 205 occupiers with a rent roll of £79.5 million per annum.



For further information

on any aspect of our approach to Corporate Responsibility, or the content of this report, please contact Val Lynch, Group Corporate Responsibility Coordinator

email: crenquiries@segro.com

Tel: +44 1753 213 421

We look forward to and welcome your feedback.

A COMMITMENT TO EXCELLENCE

SEGRO IS AN INTERNATIONAL PROPERTY INVESTMENT COMPANY WHICH OWNS AND MANAGES FLEXIBLE BUSINESS SPACE. WE DEVELOP AND ACQUIRE PROPERTIES ACROSS EUROPE CONCENTRATING ON MAJOR BUSINESS CENTRES AND LOGISTICS DISTRIBUTION CHANNELS.

COMPANY PROFILE

Headquartered in the UK, SEGRO plc has a listing on the London Stock Exchange and on the Euronext in Paris. As at 31 December 2007, the Company employed 311 employees worldwide and had operations in 10 countries (and 15 offices) including UK, Belgium, France, Germany, The Netherlands, Czech Republic, Hungary, Italy, Poland and Spain. The Company serves a customer base of more than 1,600 customers operating in a wide range of sectors and representing both large and small businesses, from start ups to global corporations. The Company divested its US business (Slough Estates USA) in August 2007 and Slough Heat & Power in December 2007.

With a property portfolio of £5.2 billion and more than over 4.1 million sq m of built space, SEGRO has an annual rent roll of £250 million. During 2007, over 350,000 sq m of new development were completed, with over 2 million sq m in the pipeline for 2008 and beyond.

SEGRO seeks to achieve superior total returns for its shareholders and we are determined to maintain our position as a world class performer in our chosen markets.

On 1 January 2007, SEGRO became a UK REIT (Real Estate Investment Trust).

REPORT SCOPE

The information in this 2007 Corporate Responsibility Report relates to our UK and Continental European operations (where stated) between 1 January 2007 and 31 December 2007. We have omitted data on Slough Estates USA and Slough Heat & Power to ensure consistency with our 2007/08 Annual Report & Accounts. For this reason we have restated some 2006 Corporate Responsibility Report data to enable year-on-year comparisons.

This report is structured in line with our most material Corporate Responsibility impacts, identified through a process of internal stakeholder dialogue. We have chosen not to include information which is less material to our core business, although some of this may be found on our corporate website.

The Key Performance Indicators found throughout this report best represent our Corporate Responsibility performance at the current time. Where data refers to performance relating to SEGRO managed properties, we have only included information where full managerial control is maintained. Where appropriate, we have also made reference to the Global Reporting Initiative G3 Sustainability Reporting Guidelines. This does not represent an effort to fully comply with these guidelines rather to demonstrate how, where possible, we follow best practice disclosure guidelines.

CEO STATEMENT



Ian Coull Chief Executive

2007 HAS BEEN A YEAR OF SIGNIFICANT GROWTH AND CHANGE AT SEGRO, WITH ADJUSTED PROFIT BEFORE TAX UP 7.7 PER CENT TO £153.7 MILLION, PRINCIPALLY DUE TO THE EXPANSION OF OUR ACTIVITIES IN EUROPE.

2007 was a continuation of our transformation programme which we started five years ago. In the past year we became a UK REIT and a SIIC in France, achieved critical mass in Continental Europe, delivered a timely and well-executed disposal of our US business, and sold our interest in Slough Heat & Power station to the Scottish and Southern Energy network¹. In light of all this activity we also took the opportunity to refresh our corporate identity and changed our name to SEGRO. We are now a tighter, more focused business, both in what we do and where we work. This consolidation of our business, focusing our energies on what we do best, has produced excellent profits (our adjusted profit before tax increased by 7.7 per cent to £153.7 million). Looking forward, we expect the continuing weakness in the credit and real estate investment markets to maintain downward pressure on UK commercial property values during the first half of 2008. However, occupier demand across all our key markets continues to hold up well.

This current economic climate has made it all the more important to stand out from a crowded marketplace and provide customers with added value and investors with lower risks. At SEGRO, we actively manage our environmental, economic and social responsibilities which continue to be key strategic priorities for the Company. These responsibilities are becoming more and more integrated into our work, influencing our day to day decisions as well as impacting positively on our wider stakeholders. Furthermore, we are focusing our efforts on those issues that are most important to our business.

The areas in which we have made most progress over the past year include:

EMPLOYEES

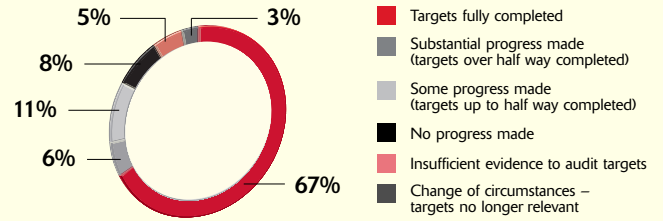
- We strengthened our Human Resources function in Paris, enabling Group-wide adoption of Human Resource practices including remuneration.
- We rolled out the "Personal Development Review" for our employees across all of our European operations. This will help us going forward in our ambition to become a truly European business.
- We communicated the results from the employee engagement survey. This was the first time we had surveyed employees both in the UK and Continental Europe. The results were very encouraging and throughout the year we followed up on a number of suggested improvements.

COMMUNITIES

- We calculated that the work we do within our communities has a financial value of £630,000. We also increased the number of employees volunteering by 76 per cent.
- We strengthened community relations in the Berkshire area by participating in Business in the Community's "Seeing is Believing" programme.

"I am delighted to announce that we won European Industrial Developer of the Year in October 2007, which reflects our growing presence in Europe."

Summary of Progress Against 2007 Targets
Of the 36 target set by SEGRO in 2007, the following progress was made:



This document, our fifth consecutive annual Corporate Responsibility Report, provides an overview of what we achieved in 2007, the challenges we faced and outlines what we will be doing in 2008 and beyond to further embed Corporate Responsibility into the way SEGRO operates. With the changes mentioned, we aim to be even more focused and ambitious in trying to manage our environmental, economic and social responsibilities through practical actions as demonstrated throughout this Report.

In 2007, we set ourselves 36 targets to focus our Corporate Responsibility activities. Full details of our progress against these targets can be found throughout this Corporate Responsibility Report and on our website (www.SEGRO.com).

As ever, in all periods of transition, new challenges arise. One challenge that we face revolves around the roll out of our Corporate Responsibility standards and management systems across the European business. We have made some good progress in standardising policies and procedures to date, especially in the area of Human Resources. However, we still have lots of work to do to ensure universal practices across all

countries. We acknowledge that this is just the start of a process that will take time to evolve, and we are keen to ensure that best practices from across all parts of the business are embedded throughout.

Data collation and management is emerging as another key challenge, both from the perspective of the European challenge outlined above, but also in terms of the rising disclosure expectations of our stakeholders. Increasingly, we are reliant on third parties such as suppliers to provide us with the necessary information to report on our performance. In the future we will need to work even more closely with our suppliers to ensure that data is readily available – partnership therefore remains a key priority in becoming a more sustainable and responsive business.

Ian Coull
Chief Executive
April 2008

¹ Like Slough Heat & Power, Scottish and Southern Energy is fully committed to increasing levels of renewable energy generation and is a major investor in and developer of renewable energy technology. Scottish and Southern Energy is one of the largest energy companies in the UK. This gives our customers access to deeper and wider utility expertise.

² BREEAM (BRE Environmental Assessment Method) is a widely used methodology to assess the sustainability performance of various building types against predefined criteria.

CUSTOMERS

- We improved our relationship with our customers through better communication and understanding of their ever changing business needs. This resulted in the highest ever customer satisfaction rating in our annual customer survey, with 77 per cent of those surveyed stating that they were 'satisfied' or 'very satisfied' with the service they received from SEGRO.
- We improved our overall score and rank in the top quartile in the Real Service Best Practice Index.
- We have arranged a series of Breakfast Briefings together with the Carbon Trust and will work with our customers on a series of carbon reduction measures.

ENVIRONMENT

- We commissioned a carbon footprint study of the Slough Trading Estate. We hope that this will help us manage our carbon emissions on the Estate and ultimately reduce our footprint across our business.
- All our UK developments are designed to achieve at least a 'very good' BREEAM² rating.
- We hosted a contractor workshop to engage with contractors on our approach to environmental management during construction. We hope that this will lead to stronger partnerships to minimise the environmental impacts of our development activities.

HOW WE MANAGE CORPORATE RESPONSIBILITY

CORPORATE RESPONSIBILITY IS FUNDAMENTAL TO THE WAY IN WHICH WE DO BUSINESS. OUR STRATEGY IS DRIVEN BY A CORPORATE RESPONSIBILITY POLICY AND UNDERPINNED BY CONTINUOUS IMPROVEMENT AS ILLUSTRATED BELOW.

SEGRO Corporate Responsibility Management System



The Corporate Responsibility Policy is accompanied by a set of Corporate Responsibility objectives that reflect each of our environmental, economic and social impact areas. Each year we set ourselves a number of targets to improve our Corporate Responsibility performance, and to evaluate our success in managing material issues. Our performance against these targets is disclosed annually, on the SEGRO website (www.SEGRO.com). We also continually monitor our performance against a series of Key Performance Indicators (KPIs), which track progress against our material impacts.

Following an internal review of corporate governance practices, we have decided to devolve Corporate Responsibility oversight from the Group Risk and Responsibility Committee by the establishment of a separate Corporate Responsibility Committee. Ian Coull, Chief Executive, retains overall responsibility for Corporate Responsibility within SEGRO, with direct reporting from business leaders on each material impact area. However, with the appointment of a new Head of Sustainability in June 2008 we will raise the profile of Corporate Responsibility and Sustainability both internally and externally within SEGRO, embedding it in all aspects of our operations.



SEGRO participates in several benchmarking indices such as FTSE4Good, Dow Jones Sustainability Index and Business in the Community's Environment Index (BiE). Participation in these indices represents our ongoing commitment to inform the investment community of our Corporate Responsibility activity and performance.

Informally, we are conscious of the importance of company culture to ensure that everyone who works at SEGRO operates to the highest, ethical, social and environmental standards. This culture is instilled through our core values:

- **RESPECT:** We treat our customers and each other fairly and courteously with respect for the diversity of our approaches. We are sincere and trustworthy.
- **PARTNERSHIP:** We will serve our customers and each other by building relationships that encourage the sharing of skills, information and ideas.
- **ENERGY:** We are dynamic and enthusiastic. We will look for opportunity and challenge conventional thinking, pushing ourselves to go beyond expectations.
- **RESPONSIBILITY:** We are prepared to take ownership of our work and responsibility for our people. We are 'spurred on' to superior performance by our achievements.



"SEGRO has been a co-operative and flexible partner, helping us to develop our property and create a sound base on which to optimise and grow our business."

Wilhelm Bellina
Director, Facilities Management
Neckermann.de

MATERIALITY REVISITED

SEGRO PRIORITISES ITS CORPORATE RESPONSIBILITY STRATEGY TO FOCUS ON THE COMPANY'S MOST MATERIAL CORPORATE RESPONSIBILITY IMPACTS OR THOSE IMPACTS THAT COULD MAKE A MAJOR DIFFERENCE TO PERFORMANCE.

These material impacts are listed in the red quadrant below.

SEGRO Materiality Matrix



* Climate change adaptation has risen rapidly up the corporate agenda and it's positioning in the matrix does not reflect SEGRO's current thinking on this important issue. We are committed to reviewing our material impacts in the near future, incorporating stakeholder considerations where appropriate.

Mindful of the importance of reviewing the materiality of SEGRO's impacts on an ongoing basis, we commissioned our Corporate Responsibility consultants Upstream to carry out a peer benchmarking exercise to identify the Corporate Responsibility strategy trends of our property sector peers, as well as some of our key occupiers and suppliers. The report highlighted emerging Corporate Responsibility themes and target focus areas for the industry and the findings fed directly into our own target setting process for 2008.

Other drivers that have shaped our Corporate Responsibility thinking over the year include:

- The Energy Performance of Buildings Directive (encompassing Energy Performance Certificates).
- Planning regulations such as the Merton Rule³, Planning Policy Statement: Planning and Climate Change (Supplement)⁴.
- The proposed Community Infrastructure Levy⁵.
- The Company's Act (2006), which stimulated a review of our corporate governance procedures and frameworks.
- Longer term government measures such as the proposed Climate Change Bill, Carbon Reduction Commitment outlined in the 2007 Energy White Paper and the First Draft of the Code for Non-Domestic Buildings. SEGRO assisted with this consultation paper through its involvement with the UK Green Building Council.

Looking further ahead, we are conscious that we must work with our stakeholders to continuously evolve our understanding of materiality. Throughout this 2007 report we have tried to provide a 'stakeholder view' – impressions from individuals on their contact with SEGRO. These views have been gathered through direct communication with stakeholders during 2007. However, we recognise that more systematic stakeholder engagement is required to meet with best practice, and we will look to build this into our Corporate Responsibility strategy in the coming years.



³ Guidance in Planning Policy Statement 22 states that planning authorities: "may include policies in local development documents that require a percentage of the energy to be used in new residential, commercial or industrial developments to come from on-site renewable energy developments". Such policies are known as the "Merton Rule", a reference to the policy adopted in 2003 by the London Borough of Merton in its Unitary Development Plan. See www.communities.gov.uk.

⁴ Planning and climate change sets out how planning authorities should help shape the build environment to reduce carbon emissions and ensure buildings are resilient to climate change. See www.communities.gov.uk.

⁵ A government proposal to harness the value of an increased range of planning permissions to generate additional infrastructure funding and thereby work housing growth. See www.communities.gov.uk.

MATERIAL IMPACTS:

→ EMPLOYEES

Objective: TO ATTRACT AND RETAIN THE BEST PEOPLE BY COMMITTING TO EXCELLENT EMPLOYMENT STANDARDS AND ENABLING EMPLOYEES TO ENHANCE THEIR EXPERIENCE AND CAPABILITIES AND REACH THEIR FULL POTENTIAL.

As our business has continued to grow and develop in 2007, it has been an ongoing priority to ensure our people policies and practices continue to evolve. For this reason, our focus during the year has been on the further development of our leadership agenda, ensuring we communicate effectively with our employees at all times and the expansion of a set of Group-wide policies, systems and procedures.

Performance management

Four years ago we introduced a Personal Development Review (PDR). This is an employee appraisal scheme which involves regular objective setting between employees and their managers. As well as reviewing objectives on a regular basis, a key element of the PDR involves the employee discussing with their manager their career development plan. This helps the individual identify skills which they would like to develop further and the support they need to do this.

Following the successful implementation of the PDR in 2006, we continued to roll out the scheme to our European operations during 2007. More than 90 per cent of our Continental European employees attended PDR training sessions from eight countries. Multilingual guides were produced to support the schemes being introduced in these countries amongst SEGRO's growing number of European employees.

Internal communications

Employee communications took on a greater focus in 2007. We have established a variety of ways in which we communicate with our employees. It is important that employees are kept informed and up to date with what is happening across the business. Just one of the ways we communicate with employees is by holding employee briefings four times a year. These are hosted by the Chief Executive and cover a range of topics such as current performance as well as celebrating success across the business. The presentations are well received and will continue to form a key part of our employee communications in 2008.

Employment standards

We now have a Group-wide approach to how we reward our employees having successfully extended our remuneration policy to our European operations in 2007. In previous years bonuses were paid to Continental European employees on a discretionary basis. However, they can now participate in our Group bonus arrangements. Bonuses are only paid to employees on achievement of a number of performance based targets. We consider this to be a key step forward in continuing to develop a performance driven culture across our business which helps to keep employees focused on achieving targets as well as managing costs.

Leadership development continued to be a significant theme for us during 2007. In 2006 we introduced our new Leadership Development programme. This bespoke programme focuses on the development of leaders rather than managers and provides our leaders with the necessary skills to drive the business forward. We feel this is fundamental to the overall success and profitability of our business. Since its launch over 80 per cent of our Senior Managers have attended the leadership programme and further courses are scheduled for 2008.

Employee benefits

As a leading employer in the sector, we continue to review our benefits package to ensure we attract the best people. In 2007, we advanced our policies in relation to health care for our UK employees and introduced free discretionary health screening for every employee. We also have a number of initiatives in the pipeline which we will roll out across our Continental European operations in 2008.

Employee Targets 2008

- Conduct a Group-wide employee survey.
- Complete the implementation of a Global Employment Grading system.
- Establish a set of Group-wide share arrangements to encourage employees to become shareholders in our business.



Neil Impiazzi



AN EMPLOYEE'S VIEW

“SEGRO has provided me with the supportive environment in which to develop and grow my own skills, as well as the autonomy to think creatively. I am proud to be part of an organisation that is committed to its customers, its employees and communities in which it operates.”

Neil Impiazzi

Inward Investment Manager,
Slough Trading Estate

Within my role at SEGRO, I often find that no two days are the same. I communicate and deal with a wide variety of stakeholders, such as local councillors, agents, prospective customers and local business organisations. In order to help meet this challenge, SEGRO has provided me with the supportive environment in which to develop and grow my own skills, as well as the autonomy to think creatively. The wealth of knowledge and experience throughout the Company, and emphasis on personal development, make it a great business in which to develop and grow.

During my time at SEGRO, I have seen first hand how the Company continuously looks for new ways to improve its social, environmental and economical impact through targeted community activity.

Having been an important part of Slough's history for more than 88 years, SEGRO's active community involvement is integral to the success of the Company and the Slough Trading Estate. I have been impressed by the support that SEGRO has given to a wide range of initiatives to improve local skills, enhance perceptions of the town and support local and national charities.

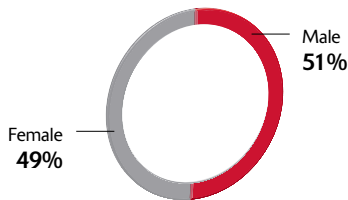
With an expanding portfolio in Europe opening up international opportunities for customers, SEGRO is entering a new and exciting phase. I look forward to playing a role in the Company's future for many years to come.

I am proud to be part of an organisation that is committed to its customers, its employees and communities in which it operates.

MATERIAL IMPACTS:

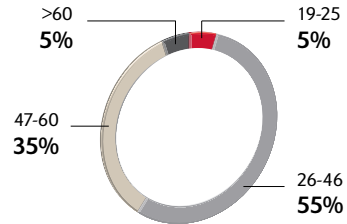
→ EMPLOYEES (continued)

Figure 1: Group-wide Workforce Gender Profile (UK and Europe)



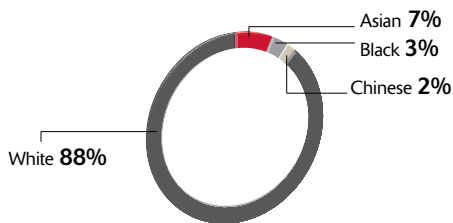
Data Qualifying Note: This data represents SEGRO's gender profile for both the UK and Europe as at 31 December 2007.

Figure 3: UK Workforce Employee Age Profile



Data Qualifying Note: This data represents SEGRO's employee age profile for the UK only as at 31 December 2007.

Figure 2: UK Workforce Ethnic Profile



Over 10 per cent of SEGRO's UK workforce are from ethnic minorities – representative of the UK population according to the 2001 UK Census.

Data Qualifying Note: This data represents SEGRO's employee ethnic profile for the UK only as at 31 December 2007. Note that the 2001 UK Census (published in 2003) indicates that ethnic minorities represent 7.6 per cent of the UK population.

14 per cent
UK Workforce Employee Turnover
(excluding redundancies and retirement)

Data Qualifying Note: This data represents SEGRO's employee turnover for the UK only as at 31 December 2007.

"To me, SEGRO is an employer of choice. It is a caring, compassionate and responsible employer which operates to high ethical, legal and professional standards. It behaves fairly, consistently and with integrity."

Julie Stewart

Stewart Law Solicitors, employment law adviser to SEGRO

→ CORPORATE GOVERNANCE

Objective: TO ADHERE TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE WHILE MAXIMISING OUR SHAREHOLDER VALUE AND OUR CONTRIBUTION TO STAKEHOLDERS.

Governance review

As part of a review of corporate governance controls and procedures we appointed KPMG to assess the structure and reporting requirements of the Group's Risk and Responsibility Committee.

A major outcome of this review was a recommendation that Corporate Responsibility oversight should be separated from the Risk and Responsibility Committee, recognising the growing importance of Corporate Responsibility to SEGRO's business strategy. This recognition has also led to the appointment of a new Head of Sustainability who will take up post in June 2008 to lead a new dedicated function. We hope that this will raise sustainability to a new level.

Standardising risk management

Another outcome of the corporate governance review was the formation of a separate and focused Group Risk Management Committee to enhance risk management and take a more strategic role in the development of a risk management policy. The new Committee's terms of reference can be found on the SEGRO website (www.SEGRO.com).

We have also begun to standardise our approach to corporate governance across all European operations. To ensure compliance with each countries own governance requirements, we continue to undertake an annual survey to monitor governance compliance.

Board diversity

Diversity on our Executive Board improved in 2007 following the appointment of Lesley MacDonagh as a Non-Executive Director. This enabled SEGRO to rise 43 places to 53 (out of 100) in the annual Female FTSE 100 Report (Cranfield University). This ranked us in (equal) joint second amongst our FTSE 100 property sector peers.

Combined Code

The Company complied with the provisions of The Combined Code on Corporate Governance throughout the year.

Table 1: Headline Financial Performance (GRI G3 Reference: EC1 (partial))

	2007	2006	2005
Adjusted net property rental income	£203.9 million	£247.2 million	£223.9 million
Profit before tax and exceptional items	£131.3 million	£142.7 million	£119.5 million
Adjusted basic earnings per share	28.2 pence	25.1 pence	24 pence
Total payroll and benefits	£44.4 million	£38.4 million	£35.6 million
Total sum of corporate taxes paid	£40.4 million	£11.6 million	£91.8 million

Corporate Governance Targets 2008

- Review the Terms of Reference and membership of all sub-committees of the Board.
- Undertake a review of the delegated authorities currently in existence around the Group.
- Review effectiveness of current Whistleblowing Policy.

MATERIAL IMPACTS:

→ COMMUNITY

Objective: TO REMAIN ACTIVELY ENGAGED IN THE COMMUNITIES IN WHICH WE OPERATE, AND CONTRIBUTE TO COMMUNITY VITALITY THROUGH EMPLOYEES' TIME AS WELL AS FINANCIAL CONTRIBUTIONS.

Charitable support

SEGRO has always actively supported good causes within the community, both in the UK and increasingly in Continental Europe. In 2007 we donated a total of £363,188 in cash to a range of charities and good causes (see Table 2). An important development in relation to our charitable giving has been the devolution of decision making over charitable budget allocation to Regional Directors and Country Heads. This was undertaken to increase the regional ownership and responsibility over community matters with the long-term aim of creating closer links with charities in the regions where we work.

We also continue to develop relationships with a number of community based organisations by providing in-kind support including:

- Slough Homeless Our Concern (SHOC) – a local charity which provides shelter and support to the homeless of Slough. SHOC recently transformed the upper floor of their building into a learning centre. The aim was to develop a space where people would be able to access computers to provide themselves with information about employment opportunities and training. SEGRO employees supported SHOC by helping them to decorate this refurbished area as well as providing office furniture, computers and software.
- Pitstop – a charity based on the Slough Trading Estate encouraging young people in Slough to take an interest in the work and training opportunities offered by motor mechanics. In 2007 we continued our financial support by subsidising Pitstop's rent to the sum of approximately £66,700.
- Herschel Grammar School – a local school and long-term partner of SEGRO. In 2007 we continued to support various skills initiatives, including mentoring and interview training by employees for school children and the provision of professional advice to the school, such as facilities management. We also provide leadership by chairing the School's Board of Governors.

Our involvement in externally organised events and initiatives also goes from strength to strength. In the Summer of 2007, several colleagues participated in the Three Peaks Challenge raising £7,100 for The Red Cross. Furthermore, two colleagues competed in the annual King Sturge Property Triathlon, as part of the Thames Valley team (comprising a number of our property sector peers). In all, the teams raised over £350,000 for Cancer Research and the Children's Trust.

Another external project we supported in 2007 was 'Carbon Control'. A nationwide competition organised by The Royal Society of Arts was held to encourage children to learn more about how they can tackle Climate Change. SEGRO donated the £20,000 cash first prize, used by the winning school in Cumbria for a 'green makeover'.

The community support ethos amongst our Continental European operations is also emerging and 2007 provided a glimpse of what we can expect in the future with several initiatives including sponsorship of a local tennis club by SEGRO Germany.

Employee volunteering

Employee volunteering has grown in popularity since last year with an impressive 76 per cent increase in the number of employee volunteer days, from 71.5 in 2006 to 126 in 2007. The Executive Board were keen participants in a series of volunteering events organised as part of Business in the Community's 'Seeing is Believing' campaign which aims to engage Board members in community activity.

An example of recent volunteering by SEGRO employees is the support provided to The Rainbow Centre, a day centre facility for children with cerebral palsy based in Fareham. A team of SEGRO volunteers helped plant the sensory garden so that the children can learn about their senses through interactive and manipulative play. This practical support follows on from the £5,000 donation SEGRO made in 2006 as part of our continuing commitment to community investment in Hampshire.

Community investment

Community involvement and our support for charities and good causes is increasingly becoming strategic. The case study on page 13 demonstrates how we have taken such an approach to address some key community challenges in Slough through the Slough Trading Estate Masterplan.

Community Targets 2008

- Ensure the full European charitable giving budget of £50,000 is allocated within the agreed SEGRO charity and community support policy framework (education, environment and the arts).
- Adopt the London Benchmarking Group framework to establish a baseline for SEGRO's corporate community investment.
- Improve or at least maintain the number of days of volunteering utilised by SEGRO employees compared to 2007 volunteering uptake.



SLOUGH TRADING ESTATE MASTERPLAN

Consultation and Engagement

At SEGRO we are committed to working in partnership with the communities in which we operate. Since Slough Trading Estate began life in 1920 we have established strong, valuable relationships with our stakeholders, all of whom play a vital role in our business practices and decisions.

In order to bring the Slough Trading Estate up to date we embarked on a review of the estate, it has been our aim to implement a strategic consultation programme that not only meets but surpasses the authority's statutory guidelines. SEGRO has actively consulted with occupiers, business groups and local politicians to ensure stakeholders' views directly shape the development plans. The following consultation mechanisms have been put in place to ensure extensive and transparent engagement is delivered:

- Open day exhibition events for Trading Estate occupiers
- Group presentations to regional influencers and business organisations
- Interactive workshops
- The launch of a newsletter outlining a vision for the Trading Estate
- Online website and email announcements
- News updates in the local media

A full pre-application consultation programme will be implemented in summer 2008. This will ensure the wider community has an opportunity to put forward their opinions on the proposal ahead of submission of a planning application. It is SEGRO's vision that the Slough Trading Estate remains a thriving place for business but becomes more accessible to the local community. To achieve this it is essential that our close working partnership with the community continues and extends beyond the planning phase.

Meeting the needs of Slough residents has also been central to the Masterplan. The Skills Strategy in particular (developed in collaboration with various public and private organisations) demonstrates our ongoing commitment to the local community and our customers. The Strategy seeks to improve the competitiveness of Slough businesses by up-skilling the local workforce through targeted training and development support, based on local business needs.

As SEGRO takes forward the Masterplan for the regeneration of the Slough Trading Estate, we remain firmly committed to building on these links and delivering a scheme in close partnership with our occupiers, Slough Borough Council, other local businesses and community organisations.

MATERIAL IMPACTS:

→ COMMUNITY (continued)

The future

2008 promises to be an exciting year for SEGRO's community initiatives, as we have recently launched a Charity and Community Support Policy to guide employees and charity groups in defining the type of support that SEGRO provides, incorporating support for arts and culture, environmental and educational initiatives.

We are particularly excited about our new focus on arts and culture and look forward to reporting in subsequent years on our activities in this area, including the 'SEGRO Young Artists' initiative, a £120,000 three year commitment to bring art into schools nationwide and children's art into our developments.

Table 2: Breakdown of UK Charitable Giving (GRI G3 Reference: EC1 (partial))

	2007	2006
IN CASH		
Nigel Mobbs Community Award	£18,000	£20,000
General charity support ¹	£332,500	£232,209
Charity of the Year ²	£12,688	£120,000
SUB-TOTAL CASH	£363,188	£372,209
IN KIND		
Property and premises	£199,370	£165,000
Employee time ³	£68,000	£80,000
SUB-TOTAL IN KIND	£267,370	£245,000
TOTAL CASH & IN KIND	£630,558	£617,209

Data Qualifying Notes:

¹ General charity support consists of support provided by SEGRO to a range of local and national charities and foundations. In 2007, this included support for good causes as diverse as Diabetes UK, Shelter, Slough District Scouts and Acorns Children's Hospice. SEGRO also match fund employee charitable contributions up to £500.

² Charity of the Year consists of bi-annual support for a nominated charity. Whilst SEGRO supported many charities and good causes during 2007, these were not part of Charity of the Year. This will recommence in 2008.

³ Employee time consists of staff time volunteered for a range of company supported community activity, including community activity outside of the volunteering programme such as employee representation on school boards of governors.

Please note that the figures provided in the table above have been audited by KPMG.

"Business support is very important to a community charity such as Slough Homeless our Concern (SHOC). The support we receive from SEGRO and the interest shown by its staff at all levels has provided a real lift for SHOC trustees and staff. SEGRO's help with the new Learning Centre was particularly valuable as it came at a time when our own resources were very stretched. SHOC greatly values the developing relationship with SEGRO and we look forward to growing our partnership yet further in the future."

Ray Waite
Trustee, SHOC



WORKING WITH OUR COMMUNITIES

Jumpstarting Community Education

Pitstop has been on the Slough Trading Estate since 2003. It occupies space which has been converted into a garage and SEGRO supports Pitstop by giving it this space at a discounted rent. The charity's aim is to introduce young people, for whom vocational training is more appropriate, into the 'world of work'. Pitstop provides training and support for young people in Motor Vehicle Maintenance. It provides all trainees with as much practical hands on experience as possible and helps them develop skills which can lead to them getting an apprenticeship or job in a commercial enterprise.

In addition SEGRO also supports Pitstop by providing interview training to its trainees. This is of invaluable help to the young trainees as it gives them practice in answering questions raised at job interviews.

In October members of the Executive Committee visited Pitstop as part of their 'Seeing is Believing' tour and saw how the work they do provides trainees with the opportunity to learn and master a valuable skill.

Helping the homeless

SHOC is a local charity which provides shelter and support to the homeless of Slough. The SEGRO Executive Committee visited SHOC as part of their 'Seeing is Believing' tour. The centre is open every day and our Executive Committee saw first hand how SHOC helps homeless people in difficult circumstances by providing a hot meal, a change of clothes and a shower, as well as practical support on a range of issues.

SHOC has recently transformed the upper floor of their building into a study centre. The aim was to develop a space where people would be able to access computers to provide themselves with information about accommodation and employment and training opportunities. SEGRO employees supported SHOC by helping them to decorate this room as well as providing office furniture, computers and software.

Throughout 2008 we will continue to focus our efforts on giving our support to SHOC. This will be a combination of monetary donations as well as giving our time and sharing skills, through our employee volunteering activities.

MATERIAL IMPACTS:

→ CUSTOMERS

Objectives: TO WORK IN PARTNERSHIP AND CONTINUE TO SUPPORT CUSTOMERS BY MAINTAINING CONSISTENTLY HIGH STANDARDS AND GOOD VALUE.

TO STRIVE TOWARDS CONSISTENTLY HIGH STANDARDS OF SECURITY AND WHERE NECESSARY TO ENHANCE PROVISIONS IN ORDER TO REDUCE THE INCIDENCE OF CRIME AND CONSEQUENTIAL DISRUPTION TO BUSINESS.

Customer satisfaction

2007 has been another excellent year for SEGRO in terms of customer satisfaction. The annual customer satisfaction survey commissioned across a sample of our UK managed estates showed that 77 per cent of our customers rate their overall satisfaction as an occupier of a SEGRO managed asset as 'good' or 'excellent', an increase of four per cent on the 2006 survey. We are pleased to report that no customers rated their overall satisfaction with our services as 'poor' or 'very poor'. Further analysis also reveals that satisfaction has improved in communicating with our customers and responding to their needs (see Figure 4).

In addition to these highlights, there was a great deal of constructive feedback from the survey's findings, on issues such as security and crime prevention, the importance of fostering an understanding of our customers' business needs and encouragingly from a Corporate Responsibility perspective the increasing demand from our customers for waste disposal and recycling services. We look forward to addressing these challenges in 2008 and beyond.

Security

Security remains a key concern for both SEGRO and its customers. During 2007, we continued our active CCTV installation programme. In total, six sites received remote CCTV technology as part of Business Watch, which oversees the installation and maintenance of CCTV systems at our managed assets.

Headed by a former police officer, Business Watch monitors its installations from a Slough-based control centre, and reacts to any suspicious activity by alerting local patrols. Figure 5 shows how we are actively (and successfully) managing crime on the Slough Trading Estate, our largest managed asset.

There were 125 criminal incidents recorded by Thames Valley Police on the Slough Trading Estate during 2007 representing a total of 2.4 minor incidents per week (see Figure 5). This compares with 175 incidents (3.36 per week) in the previous year over the same time period. We were particularly pleased that there were no reported criminal incidents over the Christmas period – testament to the effectiveness of Business Watch.



Environmental engagement

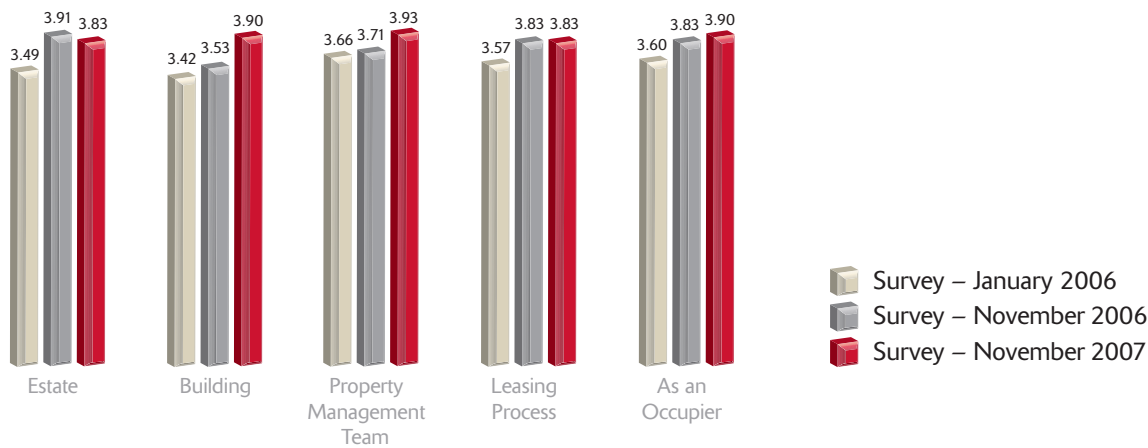
We ran a number of successful events on the Slough Trading Estate in 2007, collaborating with Slough Business Environment Club who delivered presentations to customers on current environmental issues, legislation and sustainable business practices. The events were well received and we have scheduled similar presentations for 2008.

Customer Targets 2008

- To at least maintain the proportion of customers rating overall satisfaction as good or excellent at 77 per cent, as measured in the 2007 customer survey.
- Increase the proportion of customers rating security as good or excellent from the 40 per cent figure as measured in the 2007 customer survey.
- Undertake a sample customer satisfaction survey for the first time in each mainland European country in which SEGRO operates.

Figure 4: UK Customer Satisfaction

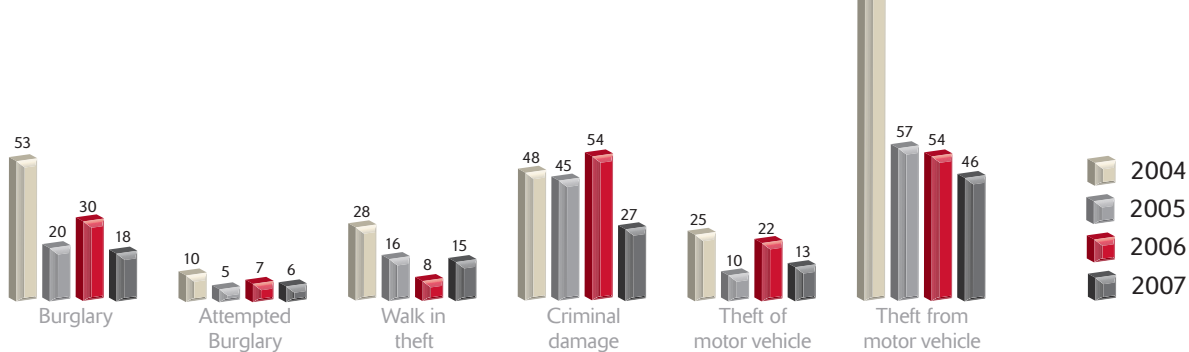
Average satisfaction level (1-5)



Data Qualifying Note: SEGRO commissions Kingsley Lipsey Morgan annually to undertake a customer satisfaction survey at a sample of managed properties, in 2007 incorporating 116 customers across ten managed assets.

Figure 5: Crime Figures on the Slough Trading Estate

Number of incidents



Data Qualifying Note: This data is collated from crime statistics provided by Thames Valley Police.



UNDERSTANDING OUR CUSTOMERS

“Partnership and relationship are at the heart of what O2 is about. With SEGRO we have a long-term partnership, working together with both openness and transparency. The experience has been a pleasurable one and as a client I feel appreciated.”

Andrew Kerr
Programme Manager, O2

How we perform

At SEGRO we take customer service very seriously. In recent years we have done much to improve our standards of customer service. In particular we seek to reinforce long term relationships with customers and to respond to specific needs of specialised market segments.

In the UK we survey our customers regularly to understand how satisfied they are with the service they receive from SEGRO. The survey for 2007 included a representative sample of over 100 customers at nine of our sites across the UK. For 2007 our customer satisfaction level, that's the proportion of customers rating us as good or excellent, increased to 77 per cent, compared to 73 per cent in 2006. The results underline the good progress we have made in understanding our customers needs.

At newly acquired sites, occupiers are pleased to be working with us, while we are perceived as 'getting better' by our customers at estates which we have owned for some time.

When we compare our performance against the published index that measures UK occupier satisfaction, known as the 'UK Occupier Satisfaction Index 2007', we outperform in all areas. For example, more than four out of every five occupiers rate communication with SEGRO as 'good' or 'excellent'. In contrast one in two occupiers across the industry as a whole rate communication as 'poor' or 'very poor'.

As well as helping us to understand those areas which are important to our customers, our customer satisfaction survey also identifies those areas where our customers would like us to do more to support them. Areas such as improving waste and energy management are becoming increasingly important. In 2008 we will be working with our customers to understand better how we can improve their working environments in ways that are mutually beneficial for all parties.

We also take part in the Real Service Best Practice Index. Real Service is a member organisation that provides a forum for sharing and benchmarking best practice in customer service within the property industry. Over the past year, we have continued to make progress with our customer engagement as independently assessed by Real Service. We have improved our overall score and are ranked in the top quartile compared with our peers.

In Continental Europe many similar customer service initiatives have been employed in each country. In 2008 we are planning to launch a survey of our European customers, to ascertain their particular requirements and develop the approach used so successfully in the UK.

MATERIAL IMPACTS:

→ PROCUREMENT & SUPPLY CHAIN

Objective: TO ENGAGE WITH SUPPLIERS TO ENSURE SUSTAINABILITY IS EMBEDDED IN THE SUPPLY CHAIN AS MUCH AS IS PRACTICAL.

Procurement & Supply Chain Targets 2008

- Carry out six Group-wide timber audits to ensure a system is in place to monitor the sustainability credentials of timber sourced for construction and to comply with the Company's Timber Procurement Policy.
- Develop a Responsible Procurement Policy and ensure procurement procedures are aligned with this Policy.
- Engage with prioritised suppliers to agree Corporate Responsibility targets for 2009 and set a monitoring framework.

Procurement Policy

In 2007, the Executive Committee agreed a new approach to procurement. The new policy helps us to understand how to better incorporate Corporate Responsibility considerations into the procurement process. In particular we are working with suppliers to ensure they are fully compliant with our Health & Safety requirements and will work with us to support our Corporate Responsibility agenda. We also ensure that our suppliers are fully compliant with our environmental policy.

Working towards partnership

We continued our commitment to our contractors. Following the success of our first workshop on environmental management in 2006 we held a second workshop in 2007. Further details of the workshop can be found in the case study on page 20.





PARTNERSHIP IN ACTION

“Having taken part in SEGRO’s environmental workshop in 2007, we experienced a meeting of minds and a determination by both SEGRO and the other contractors present to move forward to a more sustainable built environment. We are determined to meet the challenges set by SEGRO to produce developments that are both energy efficient and sustainable. We are committed to SEGRO’s target to reduce construction waste to landfill by 50 per cent by 2012 and the workshop provided the ideal opportunity for all of us to agree a waste strategy going forward.”

Denis Fryer
Senior Project Manager, Kier

Contractor Workshop

In April 2007 we hosted our second contractor workshop, a half day event for major suppliers of construction services to SEGRO. Key contacts from a range of construction partners attended, including design consultants, engineers, architects and contractors.

To open the event, we explained the new identity for SEGRO. Following this, we reintroduced our partners to the Company’s environment policy and the revised Environmental Management System (EMS), emphasising key design and construction components. The workshop was an excellent opportunity to outline and reinforce our latest requirements for sustainable construction. This included SEGRO’s commitment to BREEAM ‘very good’ for all new developments.

Contractor support tools were also introduced throughout the day including the ‘Sustainability Toolbox’ which is now used at the design stage of each development to promote environmental enhancements. Finally we introduced our approach to managing construction waste, focusing on the adoption of a Group-wide waste data collection methodology and contractor reporting requirements.

Overall, the workshop was a great success, and we look forward to engaging with our contractors again in the near future.

MATERIAL IMPACTS:

→ HEALTH & SAFETY

Objective: TO MAINTAIN AN OUTSTANDING HEALTH & SAFETY RECORD BY IMPLEMENTING ROBUST MANAGEMENT CONTROLS AND CAREFUL AUDITING PROCEDURES.

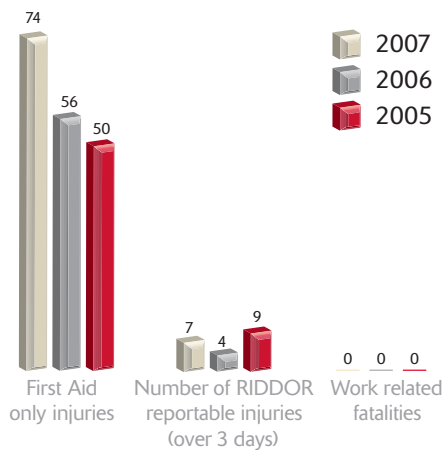
Health & Safety management system

2007 was an important year for the continuing development of Health & Safety standards at SEGRO, with the implementation of our UK Health & Safety management system – now available to all UK employees. Our key priority going forward will be to ensure that this system is fully operational, both in the UK and in Continental Europe and we have developed an action plan for its roll out to our European operations.

Health & Safety training

It has been our aim during the year to provide all employees with a basic level of Health & Safety training – we hope that this will help to sustain our historically low incident and accident rate as shown in the Health & Safety incident charts below (see Figure 6 and Figure 7).

Figure 6: UK Health & Safety Incidents (GRI G3 Reference: LA7 (partial))

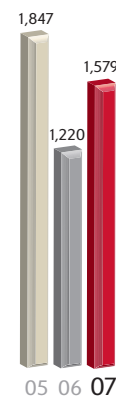


Data Qualifying Note: The data in this graph refers to Health & Safety incidents occurring during major construction and refurbishment works (including non SEGRO employees) and within our own UK managed offices. Due to the unavailability of accurate Health & Safety data we have been unable to report on incidents within our Continental European activities.

zero

Number and Type of Instances of Non-Compliance with Regulations Concerning Customer Health & Safety, including Penalties and Fines

Figure 7: UK Accident Incident Rate (RIDDORs per 100,000 employees) (GRI G3 Reference: LA7 (partial))



The Accident Incident Rate falls by approximately one third when excluding contractors (1,266 RIDDOR accidents per 100,000 employees).

Data Qualifying Note: The data in this graph refers to Health & Safety incidents occurring during major construction and refurbishment works (including non SEGRO employees) and within our own UK managed offices. We hope to be able to provide an HSE industry benchmark for our RIDDOR Accident Incident Rate in future years following the divestment of our utilities business (Slough Heat & Power) and our move away from direct construction activity. Benchmarking has not been possible in the past because of the relative incomparability of our portfolio in Health & Safety terms.

Health & Safety Targets 2008

- Zero recorded work-related fatalities.
- Zero reported instances of non-compliance with regulations concerning customer Health & Safety, including penalties and fines.
- Ensure that issues identified during the 2007 Continental European Office Health & Safety Audits have been addressed and, where risk assessment requires, remedial action taken.
- Set up a system for combined Health & Safety/Environmental Audits of Continental European development/construction sites.
- Ensure all Continental European employees have received basic Health & Safety awareness training.
- Adapt Health & Safety Management System for introduction to Continental Europe.

MATERIAL IMPACTS:

→ WASTE MANAGEMENT

Objective: TO IMPLEMENT BEST PRACTICE WASTE MANAGEMENT SYSTEMS.

Construction waste

Managing and reducing construction waste to landfill has become a major focus for us as it has for the whole of the property industry. Conscious of the need to measure accurately the waste we generate on site, we have introduced a 'waste tool' to support contractors and sub-contractors in the collection and collation of waste data. The tool requires our contractors to report on waste by volume, disposal route and waste stream. We hope that this tool will be systematically adopted by our contractors thereby enabling us to manage waste to landfill more effectively.

Waste management

We continue to promote waste recycling at our head office, achieving an estimated recycling rate of 75 per cent during 2007. We are also conscious of the increasing interest in recycling and waste management shown by our customers and are looking at various options to improve waste management across the managed portfolio.

75 per cent

Head Office Waste Recycling
as a proportion of waste produced

Data Qualifying Note: This recycling rate is an estimate provided by our waste contractor Grundon. It is based on the weekly removal (from our Slough head office) of twelve 1,100 litre recycling bins and four 1,100 litre general waste bins. This recycling regime has resulted in approximately 500 tonnes of waste being diverted from landfill.

Waste Target 2008

- Reduce construction waste to landfill by 50 per cent by 2012 (with an interim target of 25 per cent by 2010).

“SEGRO has shown a keen willingness through its work in the area of waste reduction to meet and possibly better a 50 per cent reduction in waste to landfill target for construction waste by 2012. Working with SEGRO Group Environmental Manager Brendan Fogarty, WRAP has encouraged a waste reduction and measurement strategy, and SEGRO will work closely with their major construction contractors to implement a programme of waste reduction through its UK development activities. We wish them every success in this important area of sustainability.”

Dr David Moon

WRAP (Waste & Resources Action Programme)

MATERIAL IMPACTS:

→ ENERGY USE

Objective: TO STRIVE TO ACHIEVE BEST PRACTICE IN ENERGY EFFICIENCY AND MANAGEMENT WHERE POSSIBLE.

Exceeding building regulations

Energy use has become a key focus in 2007 with new Part L Building Regulations, encompassing the introduction of Energy Performance Certificates (EPC's) in April 2008. A working party was formed in early 2007 to prepare for the implementation of the EPBD and in particular EPC's. A key task of the group has been identifying priority buildings for certification. We are currently undertaking an extensive certification programme for all vacant buildings larger than 500 sq m, with the eventual aim that by 2010 all SEGRO properties (in the UK and Europe) will have EPC's in place.

We also recognise the likelihood that Building Regulations will become more stringent over the next few years (particularly in light of the proposed government target of zero carbon non-domestic buildings by 2019) and therefore we have set ourselves the ambitious target to ensure that all new SEGRO development projects entering design phase during 2008 exceed Part L Building Regulations (2006).

Managing our carbon footprint

2007 saw us establish for the first time a total carbon footprint for the Slough Trading Estate. In collaboration with the Carbon Trust and Building Services Sustainability and Environmental Consultancy we calculated the emissions of Slough Trading Estate at just under 176,000 tonnes of CO₂ (excluding transport emissions, embodied building energy emissions and other green house gases such as methane). We hope that this provides the foundation for widening the scope of our carbon footprint and its management.

We have also taken steps in Europe to decrease or offset our carbon footprint. SEGRO Belgium negotiated a €300,000 contract with Electrabel to supply more than 3,600 MWh of 100 per cent certified green electricity (per annum). The agreement will provide all customers who occupy managed buildings in Belgium with green electricity from hydro electric power stations situated on the River Rhône in France.

SEGRO Germany also entered into an innovative partnership with WWF to prevent the destruction of rainforests. For every square metre that a customer rents, a donation is made to WWF which leases or buys rainforest in South America on a long term basis to reduce global warming. In 2007, over 39,000 hectares of rainforest were saved. This is equivalent to an area the size of over 54,000 Wembley Stadium pitches.

More detailed data on our electrical energy use for the UK and Continental Europe can be found at our website (www.SEGRO.com).

Figure 8: CO₂ Emissions of Own Office Occupation kgCO₂/sq m net internal area/year



The slight increase in CO₂ emissions can be explained by an increase in the number of contractors working within our head office and longer working hours throughout the restructuring period.

Data Qualifying Note: The information for all years previous in this chart has been restated such that it now only includes energy consumption at our head office (234 Bath Road). The consumption of energy here is significantly greater than all our other offices combined.

Energy Use Targets 2008

- Improve energy ratings of existing stock during major refurbishments.
- Ensure that all new SEGRO development projects entering design phase during 2008 exceed Part L Building Regulations (2006).
- Ensure that Energy Performance Certificates (EPCs) are in place for all SEGRO UK managed properties by the end of 2010.
- Improve energy efficiency against a 2007 baseline at SEGRO's UK head office by 10 per cent.
- Hold a minimum of three of breakfast briefings for Slough Trading Estate customers in collaboration with the Carbon Trust to promote energy efficiency during their own building operation.
- Trial the use of photovoltaic panels on two SEGRO properties across Continental Europe.



SUSTAINABLE INITIATIVES IN PRACTICE

As part of SEGRO's drive for sustainable buildings of the future, we have used a number of renewable technologies to both enhance the long term sustainability of our developments and to improve their energy performance, thereby reducing our carbon footprint. Examples of these can be seen below.

Our development at Winnersh Triangle in Reading has been designed to exceed Part L Building Regulations (2006) by 52 per cent. Innovative design features include:

- Ground source heat pumps
- High performance glazing
- Brise Soleil

The carbon efficiency of the building is 19.7 kgCO₂/sq m, which will ensure a high energy rating within the new Energy Performance of Buildings directive. The development also integrates sustainable transport by way of a purpose built railway station, which will reduce car dependency significantly.

On our Portes de France in Paris development, a 25,000 sq m two office complex under construction on both sides of the A86 (one of the outer ring roads around Paris) we were awarded the French Environmental High Performance Certificate (HQE). The very good to excellent rating was achieved on, amongst others, the following criteria:

- Major improvement of a challenging urban neighbourhood including decontamination of a former industrial site.
- The introduction of a high performing building management system, limiting maintenance costs.
- Installation of a high-performance air-filtration system improving air quality in the building far above locally required thresholds.
- Maximising performance of heating and lighting installations resulting in considerable energy savings.

Portes de France is a prime example of a sustainable urban re-development.

In Belgium on the Pegasus Park Business Park we have just started a new 17,000 sq m office development. This project demonstrates close collaboration with the client, Ernst & Young. Some of the main environmental features include:

- Optimised, low temperature heating systems and high temperature cooling installations both with highly effective heat exchanges.
- High-insulating glazing
- High performance building management system
- Rainwater harvesting
- PV Panels on the roof (45kWp)

The final result will be a highly energy efficient building and will reaffirm the reputation of Pegasus Park as one of the leading providers of business space in Brussels.

MATERIAL IMPACTS:

→ EMISSIONS & POLLUTION

Objective: TO GO BEYOND BEST PRACTICE IN AIR, WATER OR GROUND POLLUTION PREVENTION AND CONTROL.

Pollution prevention

Following consultation with key contractors, we have developed a Group-wide pollution control and prevention procedure. This includes measures to ensure safe refuelling, prevention of dust pollution on site and noise minimisation.

Emissions & Pollution Target 2008

- Ensure zero pollution incidents during construction activities.

zero

Number and Value of Notifiable Spillages or Pollution Incidents Resulting from the Actions of Our Contractors
(GRI G3 reference: EN23 (partial))

zero

Number of Environmental Nuisance Complaints Received
(GRI G3 reference: EN28 & PR2 (partial))



“Since its inception just over a year ago SEGRO has played a key role as Founder Members of the UK Green Building Council. Brendan Fogarty, Group Environment Manager, has played a very active role and made important contributions to the Membership and Public Affairs Committees, and to the ground-breaking work of the Task Group on Carbon Reductions in New Non-Domestic Buildings, which led to the government’s announcement in the Budget that it will be consulting on a policy to require all new buildings to be zero carbon by 2019. At least, if not more important, is SEGRO’S commitment to embedding sustainability into its own developments – and many examples of its innovation and best practice are highlighted in case studies within this report. I look forward to continuing to work closely with SEGRO in the coming months, as active partners in our campaign for a sustainable built environment.”

Paul King
Chief Executive, UK Green Building Council

MATERIAL IMPACTS:

→ TRANSPORT & LAND USE

Transport Objective: TO PROMOTE SUSTAINABLE TRANSPORT WHERE POSSIBLE.

Commercial vehicle fleet

Reducing the carbon footprint of our commercial vehicle fleet continues to be an important area of focus for SEGRO. As a result of an increasing number of hybrid and electric vehicles (acquired for the first time during 2007), average CO₂ emissions fell to 174.2 grammes/km by year end (see Figure 9). With tax relief on the capital cost of fleet purchases and leasing expected to move to an emissions basis soon, our focus on purchasing low emission vehicles will continue.

Travel plan for Slough Trading Estate

Looking forward, our transport commitments are set to focus on a travel plan for the Slough Trading Estate, encompassing a range of sustainability considerations. Representing a significant part of our business, addressing transport issues on the Slough Trading Estate (and the sustainability impacts arising from these) remains a key material concern for SEGRO.

Figure 9: UK Head Office Fleet Efficiency Average CO₂ Emissions Per Car Average CO₂ emissions per car (grammes/km)



Data Qualifying Note: The data in this graph refers to SEGRO's UK vehicle fleet only.

Transport Targets 2008

- Develop an action plan for reducing the environmental impact of company business travel.
- Develop a travel plan incorporating sustainability considerations for the Slough Trading Estate with a view to implementation by 2010.

Land Use Objective: TO REGENERATE BROWNFIELD SITES THROUGH REMEDIATION AND BIODIVERSITY IMPROVEMENTS.

Brownfield land

Our ongoing development programme continues to focus on brownfield land. In the UK, 100 per cent of our development starts during 2007 were on brownfield land.

Land Use Targets 2008

- Review progress of the green roof trial at Schipol Airport (Netherlands) and report recommendations to the UK and Continental European Development teams.
- Investigate the use of green roofs on a UK development and report findings to UK Development teams.

100 per cent

Proportion of UK Development Starts on Brownfield Land (by area)

Data Qualifying Note: This figure incorporates development starts during 2007 across all SEGRO's UK operations. Data for this KPI is not available for our Continental European operations in 2007, however, it is hoped that we will be able to widen the scope of this KPI in future years.

33 per cent

Area of 'Green Space' Created as a Proportion of New Developments

Data Qualifying Note: This figure incorporates 5.5 hectares of completed development sites in 2007 of which 1.83 hectares was green space.

FEEDBACK FORM

We welcome your feedback on this 2007 Corporate Responsibility Report. Please complete and return it to the address overleaf.

What do you consider to be your primary relationship with SEGRO?

- Employee Customer Community Other (please state)
- Supplier Shareholder/Investor Government

- | | Excellent | Good | Fair | Poor |
|------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. How would you rate the clarity of content in this Report? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Additional comment: | | | | |
| 2. How would you rate the depth of coverage of issues in this Report? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Additional comment: | | | | |
| 3. How would you rate the range of issues covered in this Report? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Additional comment: | | | | |
| 4. How would you rate the design format of this Report? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Additional comment: | | | | |
| 5. How would you rate the honesty and transparency of this Report? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Additional comment: | | | | |
| 6. Overall, how would you rate this Corporate Responsibility Report? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Additional comment: | | | | |
| 7. Having read this Report, how would you rate SEGRO's overall Corporate Responsibility performance? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Additional comment: | | | | |

If you would like to make additional comments on SEGRO's 2007 Corporate Responsibility Report, please do so here:

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ADVISOR'S STATEMENT

Scope and methodology

This statement provides SEGRO and its stakeholders with a third-party assessment¹ of SEGRO's performance against 36 agreed Corporate Responsibility targets for the reporting period 1 January 2007 to 31 December 2007. It does not represent a wider assurance of SEGRO's management approach to Corporate Responsibility or indeed the contents of this report. A detailed review of SEGRO's progress against 2007 targets is available at: www.SEGRO.com

As in previous years Upstream evaluated SEGRO's performance against targets based on the following:

- Documented evidence relating to the period stated above, verifying the extent to which actions undertaken by SEGRO led to the achievement of targets. This evidence included internal and external communications, management reports and analysis of data from key performance indicators.
- A series of one to one meetings and telephone conversations with those people responsible for the delivery of SEGRO's Corporate Responsibility targets, to ensure a robust interpretation and in some cases interrogation of evidence.

Upstream awarded progress against targets based on the type of target being assessed. Performance targets were awarded a percentage completion to correspond with the actual performance achieved as demonstrated by the evidence received (expressed in percentage terms). Management targets were awarded a percentage completion on a quartile basis (Zero, 25 per cent, 50 per cent, 75 per cent or 100 per cent) based on completion of management actions with evidence provided by SEGRO to demonstrate progress.

Summary of findings

Upstream's review of progress against SEGRO's 2007 Corporate Responsibility targets concludes that:

- 67 per cent of targets were fully completed, including all land use and corporate governance targets. This represents an improvement in target delivery from the previous year where only half of the Corporate Responsibility targets were fully completed.
- Substantial progress was made against six per cent of targets (where delivery of a target is over half way completed).
- Partial progress was made against 12 per cent of targets (where delivery of a target is underway but less than half completed).

¹ Upstream fully complies with Jones Lang LaSalle's Code of Business Ethics.

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The paper used for this document is Splendorgel which is PH Neutral, Long-Life, Elemental Chlorine Free, Heavy Metal Absence and Acid Free.

This product is completely biodegradable and recyclable.

SEGRO does not endorse any third party websites that are referred to in this report and the Company is not responsible for the content or availability of any such sites.

- Only eight per cent of targets saw no progress at all, notably:
 - Two aspirational targets for Slough Heat & Power to achieve zero unauthorised releases and zero environmental complaints. Whilst neither target was met, all complaints and releases were deemed to be minor.
 - One target to adopt a Group-wide waste management plan. Whilst no formal strategy was developed, SEGRO had several waste initiatives in the pipeline for 2008 (particularly relating to construction waste) showing some progress in this area.
 - Two targets were unauditible due to insufficient evidence.

Upstream opinion

Overall, SEGRO has made good progress against its 2007 Corporate Responsibility targets. It is encouraging to see progress being made against targets in each material impact area which demonstrates commitment from SEGRO's business leaders to these material business issues.

As SEGRO continues its transformation it will be important to ensure that Corporate Responsibility remains integral to the Company's business strategy. Upstream welcomes the appointment of a new Head of Sustainability to further this agenda.

Looking to the future, Upstream would recommend:

- Greater dialogue with stakeholders to shape strategy and assist in the delivery of the Company's Corporate Responsibility aspirations.
- Regularly reviewing the Company's Corporate Responsibility strategy so that the targets continue to reflect material impacts.
- Developing action plans and specific targets to support implementation of Corporate Responsibility standards and management systems across Europe.

We look forward to seeing how SEGRO responds to these challenges.

Anand Punja
Senior Consultant

Jonny McCaig
Consultant

Upstream Strategies, Jones Lang LaSalle

SEGRO plc

Registered office:
234 Bath Road
Slough
Berkshire
SL1 4EE
England

Registered in England and Wales No. 167591

Tel: +44 (0)1753 537171

Fax: +44 (0)1753 820585

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