



SEGRO SUSTAINABILITY UPDATE
2009

EXECUTIVE INTRODUCTION




SUSTAINABILITY CONTINUES TO BE FUNDAMENTAL TO THE WAY IN WHICH WE DO BUSINESS. IN THE CURRENT ECONOMIC ENVIRONMENT, IT PROVIDES US WITH ANOTHER MEANS TO ADD VALUE AND REDUCE COSTS, SO THAT SEGRO CONTINUES TO BE ATTRACTIVE TO EXISTING AND PROSPECTIVE CUSTOMERS, EMPLOYEES AND INVESTORS.

This year, we made significant progress towards our five-year sustainability targets. We became one of the first developers to introduce Green Leases for industrial buildings in Europe, as well as Green Memoranda of Understanding for existing occupiers. SEGRO France also became one of the first developers to receive the prestigious Haute Qualité Environnementale Award for a logistics asset, at Marly la Ville near Paris.

We thank our teams in the UK and Continental Europe for their efforts and achievements. In 2009, they applied our new Sustainability Framework to all our major development and refurbishment projects. They also started to carry out sustainability audits of all our major properties to identify opportunities to save precious resources and reduce costs for our occupiers.

In October, we received planning permission for phase one of our £600 million Slough Trading Estate Masterplan, with local support recorded at an impressive 94 per cent. We believe that this is thanks to the quality of our Masterplan, as well as our partnership approach to community relations and our ongoing efforts to understand local needs.

We are pleased to report that our second independent customer survey in Continental Europe revealed an increase in satisfaction. In the UK, we have also successfully maintained our high levels of customer satisfaction. We will continue to focus on staying close to our customers.

We hope that you find our Sustainability Update 2009 interesting and informative. We welcome your feedback on what we have achieved and on our plans for the future. 

Ian Coull

Chief Executive, SEGRO



OUR APPROACH TO SUSTAINABILITY

OBJECTIVE: TO MANAGE AND BALANCE ENVIRONMENTAL, SOCIAL AND ECONOMIC ISSUES TO ADD VALUE TO OUR BUSINESS AND REDUCE COSTS.

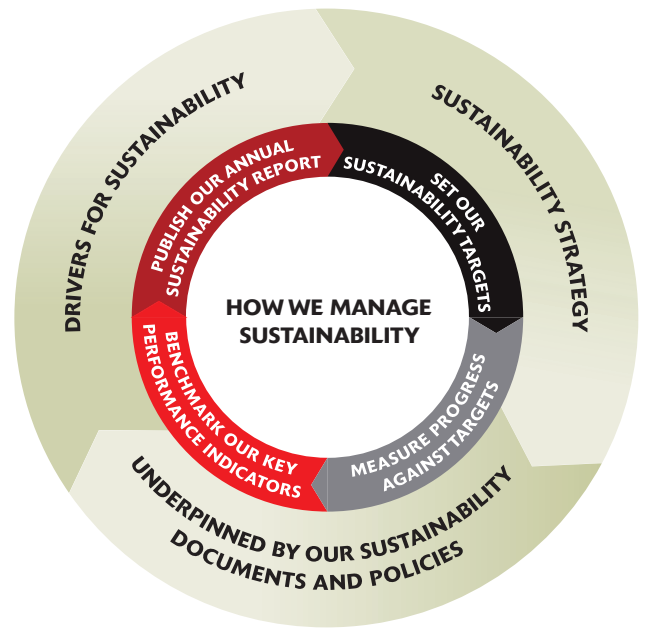
Sustainability helps us to ensure that SEGRO continues to be attractive to existing and prospective customers, employees and investors.

As part of our business plan, last year we developed our five-year sustainability strategy which sets out our material issues and objectives:

- **Resource efficiency:** To use energy, water and materials responsibly, reducing, reusing and recycling.
- **Regeneration:** To make a positive contribution to communities where SEGRO has a presence.
- **Flexibility:** To construct buildings that can be used by at least two kinds of occupier without significant structural alteration.
- **Accessibility:** To ensure our properties are accessible by more than one mode of transport.
- **Safety:** To maintain an excellent health and safety record by implementing robust management controls and careful auditing procedures.
- **Stakeholders:** To listen to our stakeholders and respond to their feedback to meet their needs.

Our strategy is helping us to cut costs and add value in a challenging macroeconomic climate. It was informed by an independent survey of our customers, discussions with our employees and major stakeholders, consultation with experts and a review of our Sustainability Framework carried out by consultants.

Our Head of Sustainability, Claudine Blamey, continues to update the Board on sustainability regularly, reviewing performance and exploring key material issues. We report against our sustainability targets annually. These comprise five-year targets for resource efficiency, regeneration and accessibility, as well as annual targets for safety, customer satisfaction and human resources.



ABOUT SEGRO

SEGRO OWNS AND MANAGES FLEXIBLE BUSINESS SPACE IN THE UK AND CONTINENTAL EUROPE.

OUR UK BUSINESS*

- Total property assets worth £3.5 billion
- Three business units: Thames Valley, London Markets and National Markets
- 3.1 million sq m of space in 96 separate estates
- 1,600 customers with passing rent of £219 million
- 136 employees excluding Head Office employees

Our UK Portfolio (%)†



Logistics	8
Industrial	84
Office	7
Retail	1

OUR CONTINENTAL EUROPEAN BUSINESS*

- Total property assets worth £1.8 billion
- Three business units: Southern Europe, Central Europe and Northern Europe
- 2.1 million sq m of space in nine countries
- 320 customers with passing rent of £94 million
- 117 employees

Our Continental European Portfolio (%)†



Logistics	63
Industrial	27
Office	9
Retail	1

* All completed investment properties as at 31 December 2009, excluding joint venture properties, trading properties, properties for own-occupation, land and properties in the course of construction.

† By lettable space

RESOURCE EFFICIENCY

OBJECTIVE: TO USE ENERGY, WATER AND MATERIALS RESPONSIBLY, REDUCING, REUSING AND RECYCLING.

Lean materials use

In 2009, we reused or recycled more than 24,000 tonnes of development waste in the UK and Continental Europe. We also recycled 334 tonnes of materials recovered from our properties when carrying out minor works such as repairing kerbs, concrete yards and footpaths.

Lean energy use

We continue to reduce energy used in lighting and heating our buildings. Initiatives include replacing traditional lightbulbs with energy-efficient alternatives, improving building insulation, and installing motion and daylight sensors. From 2013, SEGRO will be required to purchase carbon credits to offset emissions from energy use, through the CRC Energy Efficiency Scheme. We are working with our sustainability consultants to analyse and understand energy use across our portfolio during 2009, and will be reporting data during 2010.

Better by design

In 2009, our developments were forecast to achieve 36 per cent better energy efficiency on average than current standards. We achieved savings by specifying energy-efficient design features and renewable energy sources such as ground-source heating and cooling at Winnersh Triangle near Reading and Energy Park Vimercate near Milan. This will cut costs for our occupiers and protect capital value, as well as being good for the environment.

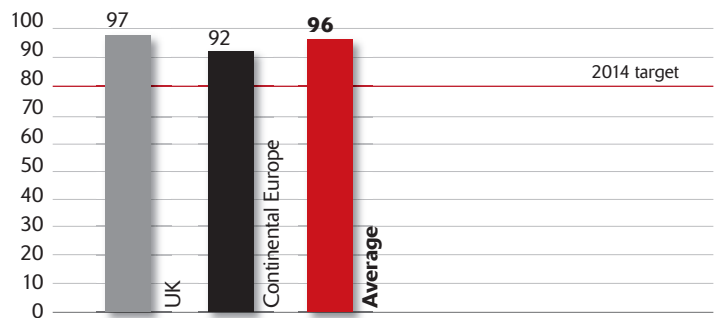
Lean water use

Our new developments are set to use 14 per cent less mains water on average than standard offices, thanks to the installation of water-saving design features such as dual-flush toilets and low-flow taps, as well as rainwater-harvesting schemes. At Marly La Ville, La Courneuve and Gonesse near Paris, new rainwater-harvesting schemes contributed to a reduction in mains water use of more than 10 per cent this year.

SUSTAINABILITY = VALUE

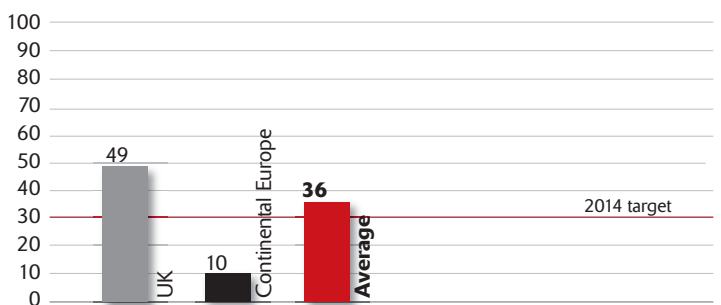
- +** LEAN ENERGY USE = LOWER ENERGY COSTS
- +** LEAN WATER USE = LOWER WATER COSTS
- +** LEAN MATERIALS USE = LESS WASTE

Development waste recovered (%)*



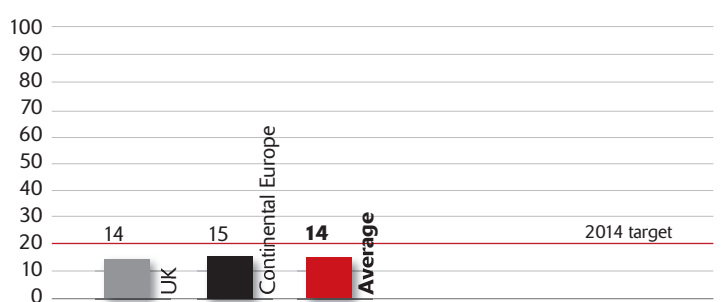
*Eight developments provided data for this target.

Better energy efficiency than base-build on average (%)†



†Nine developments provided data for this target.

Better water efficiency than base-build on average (%)‡



‡Nine developments provided data for this target.

REGENERATION

OBJECTIVE: TO MAKE A POSITIVE CONTRIBUTION TO COMMUNITIES WHERE SEGRO HAS A PRESENCE.

Community investment

In the UK, we invested in local communities around our four largest business locations, the Slough Trading Estate, Trafford Park and Heywood Distribution Park in Manchester and Winnersh Triangle near Reading, as well as in local communities in Birmingham and Farnborough. This benefited charities such as Age Concern, East Berkshire Women's Aid, Hope and Aid Direct and Slough Homeless Our Concern.



SEGRO Young Artists Programme

During the year, 228 students from ten schools participated in the SEGRO Young Artists Programme, developing their artistic talents. They benefited from the experience of working with a professional artist as they prepared artworks on a 'world of work' theme. These were then exhibited at the RSA in London. In 2010, we will run a national SEGRO Young Artists Programme.

Regenerating the Slough Trading Estate

In October 2009, SEGRO was given the go-ahead for the first phase of plans to regenerate the Slough Trading Estate. The 20-year Masterplan is expected to create more than 4,000 new jobs and will contribute £100 million to the local economy each year. We are developing an on-site skills, training and recruitment facility to help local people to benefit from these jobs and to help businesses to find appropriately-skilled employees locally.

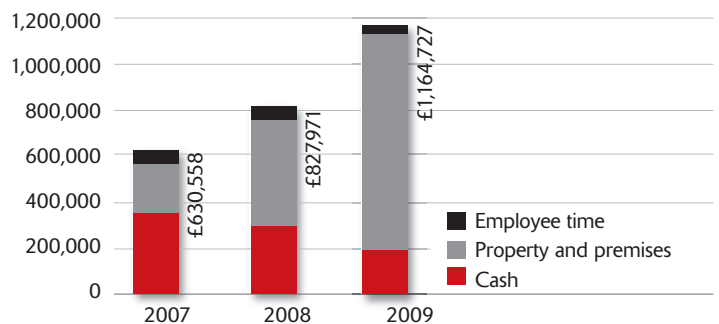
Charity of the Year

At the end of 2009, SEGRO employees chose ActionAid as their Charity of the Year for 2010. They will now carry out a range of fundraising events which we will match-fund up to £50,000 to support India's street children. ActionAid works with poor and vulnerable people to help them to gain access to food, shelter, work and basic healthcare, as well as a voice in the decisions that affect their lives.

SUSTAINABILITY = VALUE

- + LOCAL INVESTMENT = POSITIVE LOCAL ENVIRONMENT
- + LOCAL TRAINING = FEWER SKILLS GAPS FOR OCCUPIERS

Community investment 2007 – 2009 (£)



// I THOUGHT THE WORLD OF WORK DIDN'T SOUND THAT GREAT BUT IT'S BEEN A REALLY GOOD EXPERIENCE. IT'S GIVEN ME LOADS OF DIFFERENT IDEAS... IT'S MADE ME THINK THAT THERE MIGHT BE BETTER JOBS OUT THERE FOR ME. //

Student feedback, Bitterne Park School

// A PROJECT WHICH HAS LINKS WITH A BUSINESS SETTING RAISES THE PROFILE OF THE ARTS FOR THE SCHOOL. IT ALSO DEVELOPS LINKS WITH THE COMMUNITY AND ALLOWS OUR STUDENTS EASIER ACCESS AND GREATER OPPORTUNITIES. //

Teacher, Mary Hare School

FLEXIBILITY

OBJECTIVE: TO CONSTRUCT BUILDINGS THAT CAN BE USED BY AT LEAST TWO KINDS OF OCCUPIER WITHOUT SIGNIFICANT STRUCTURAL ALTERATION.

Flexible business space

SEGRO holds clusters of flexible business space in key locations, making it possible for us to accommodate occupiers' growth or help them to survive tough times. In 2009, we helped Annex Interconnect to move to a smaller unit within our Bristol cluster, BristolWorks, to reduce costs for them at a critical time. We then re-let the newly-vacant unit to another customer, in a win-win situation for everyone.

Adaptability by design

In 2009, we completed the first of five hybrid office and industrial buildings at Energy Park Vimercate near Milan. This completely modular building is also set to cost 37 per cent less to heat and cool than a standard building, thanks to sustainability initiatives such as high-performance insulation and ground-source heating and cooling.

This resource-efficient, adaptable design helped us to secure a pre-let agreement for more than 6,000 sq m with technology firm, SAP.

Flexible leases

The UK leasing teams have also been successful in generating income from short-term licensed occupation (lettings of less than 12 months in duration), providing ongoing cash flow and helping to mitigate empty property costs while longer-term occupiers are sought. As a result of these and other initiatives, £0.5 million in annualised rental income was delivered from short-term licences and empty rates liabilities of £0.6 million were saved.

Adapting to climate change

In 2009, we installed 20,000 sq m of green roof at De Hoek Business Park in Amsterdam, with a further 70,000 sq m to follow. This will reduce flood risk by easing storm-water run-off and cut energy use by improving insulation. It will also enhance air quality for occupiers by filtering pollutants from the atmosphere, and encourage biodiversity by increasing green space. The high-quality, sustainable design contributed to the high pre-let rate of 80 per cent.

SUSTAINABILITY = VALUE

- ✚ FLEXIBLE SPACE = EASIER TO DO BUSINESS WITH US
- ✚ CLIMATE CHANGE ADAPTATION = FUTURE-PROOFING OUR PORTFOLIO



Energy Park Vimercate, near Milan

// WE DESIGN BUILDINGS THAT CAN BE EASILY ADAPTED AND HOLD CLUSTERS OF PROPERTIES IN KEY LOCATIONS. THIS MAKES IT EASIER FOR CUSTOMERS TO DO BUSINESS WITH US, AS WE CAN MEET THEIR CHANGING OCCUPATIONAL NEEDS. THIS MEANS THAT, EVEN IN MORE CHALLENGING MACROECONOMIC CONDITIONS, THERE ARE CONTINUAL OPPORTUNITIES FOR US TO MEET CUSTOMERS' SPACE REQUIREMENTS ACROSS OUR PORTFOLIO. //

Ian Sutcliffe,
Managing Director, SEGRO UK

ACCESSIBILITY

OBJECTIVE: TO ENSURE THAT OUR PROPERTIES ARE ACCESSIBLE BY MORE THAN ONE MODE OF TRANSPORT.

Green Travel Plans

In 2009, a number of our major properties and developments implemented Green Travel Plans. These included Heywood Distribution Park near Manchester, the Slough Trading Estate and Winnersh Triangle near Reading. In Continental Europe, several of our properties have bus stops on site, including Stryków near Łódź, Gliwice in Silesia and Tulipan in Prague. We aim to implement Green Travel Plans wherever we have a major presence by 2014.

Green travel in Slough

As part of our redevelopment of the Slough Trading Estate, we will be introducing a new transport hub, a dedicated Transport Manager and incentives to encourage cycling and car sharing. There will also be additional bus services around the Estate, and to local stations and residential areas, as well as new pedestrian routes and enhanced cycle networks.

Green travel in Reading

In 2009, we launched our Winnersh Triangle Green Travel Plan to encourage occupiers to consider alternatives to single occupancy car use. Initiatives include improvements to pedestrian routes and cycle networks, secure cycle parking and shower facilities, a new car-sharing website and better bus services.

SUSTAINABILITY = VALUE

- + LEAN TRAVEL = CONTROLLING TRANSPORT COSTS
- + ACCESSIBLE PROPERTIES = LETTABLE PROPERTIES



Computer-generated image of the Slough Trading Estate Masterplan

SAFETY

OBJECTIVE: TO MAINTAIN AN EXCELLENT HEALTH AND SAFETY RECORD BY IMPLEMENTING ROBUST MANAGEMENT CONTROLS AND CAREFUL AUDITING PROCEDURES.

Our approach to health and safety

We take our commitment to health and safety very seriously. We review our policies, procedures and standards on a regular basis to ensure that our properties and developments offer a safe environment for our employees, customers and suppliers, as well as for other visitors.

In 2009, our high standards in managing health and safety risks were recognised with a British Safety Council International Safety Award.

Health and safety management

During the year, we expanded our Health and Safety Management System to include Continental Europe. This system has been designed to be accredited to ISO 18001 standards and was externally audited by our health and safety advisers, with any minor issues addressed in an action plan.

Protecting our employees

We have now completed the rollout of our computer-based training programme, extending it to employees in Continental Europe and to all new employees. We also offered employees opportunities to gain internationally-recognised qualifications.

Protecting our customers and suppliers

In 2009, we visited our health and safety advisers in all those countries in which we operate, to identify opportunities to raise standards for the people based at our properties and developments. We also continued to work closely with our suppliers during development and refurbishment, as these represent the greatest risk area of our business operations.

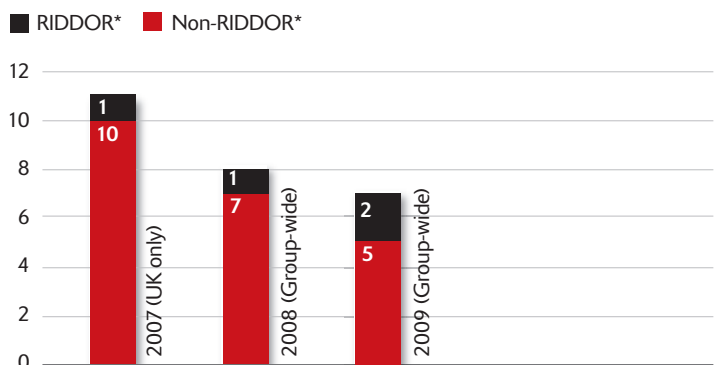
Security

In the UK, customers' property is now protected by monitored CCTV at 66 per cent of SEGRO's holdings by area, an increase from just over 50 per cent last year. At the Slough Trading Estate, police figures show an 84 per cent reduction in crime since monitored CCTV was introduced in 2000.

SUSTAINABILITY = VALUE

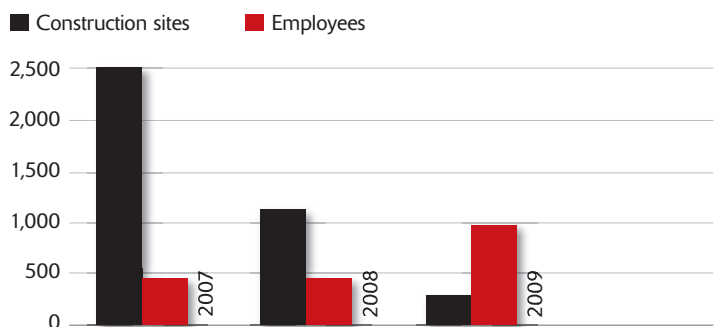
- SAFE WORKPLACE = SAFE WORKFORCE
- SECURE BUSINESS ENVIRONMENT = BETTER PLACE TO DO BUSINESS

Total incidents for SEGRO employees



*RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations)

UK Accident Incident Rate†



† Accident Incident Rate = $\frac{\text{Number of reportable incidents per year} \times 100,000}{\text{Average number of employees/personnel on-site}}$

STAKEHOLDERS

OBJECTIVE: TO LISTEN TO OUR STAKEHOLDERS AND RESPOND TO THEIR FEEDBACK TO MEET THEIR CHANGING NEEDS.

Customers

In the UK, we were ranked in the top quartile of the RealService Best Practice Index, for the third consecutive year. In Continental Europe, our independent customer survey revealed an increase in satisfaction. This positive performance reflects our efforts to work more closely with our customers, raise property management standards and improve consistency. In 2010, we will continue to work with our customers and suppliers to deliver even better value for money.

Employees

We aim to attract and retain the best people by committing to excellent employment standards. In 2009, we provided our employees with 3,410 training hours, equivalent to more than one day per person. We also carried out a six-month Ecoefficiency campaign to encourage our people to think and act sustainably.

Investors

We continue our efforts to maintain the highest standards in investor relations, encouraging open dialogue and building long-term relationships to meet investors' needs.

In 2009, we held more than 130 investor meetings, attending road shows and conferences in the UK, Continental Europe and the USA.

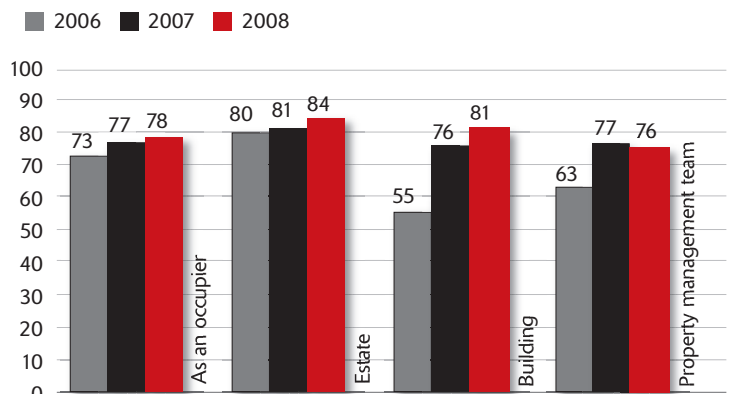
Communities

In 2009, an impressive 94 per cent of local people surveyed in Slough stated that they supported our Masterplan for the Slough Trading Estate, which received planning permission in October 2009.

SUSTAINABILITY = VALUE

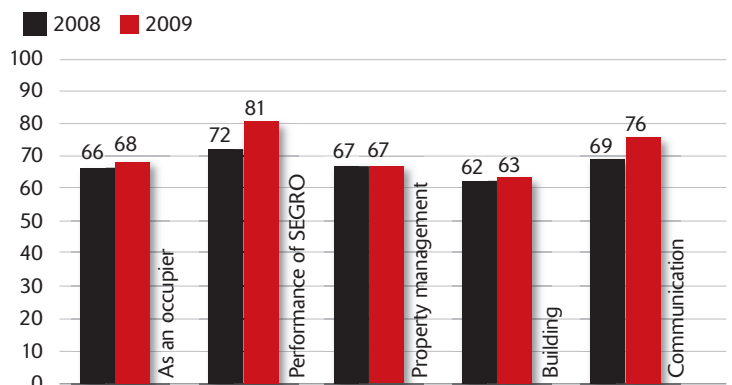
- GOOD STAKEHOLDER RELATIONS = GOOD REPUTATION
- CUSTOMER SATISFACTION = LOYALTY AND INCOME
- EMPLOYEE ENGAGEMENT = RECRUITMENT, RETENTION AND SKILLS

UK customers rating 'good' or 'excellent' (%)*



* There will be a further independent survey of our UK customers in 2010.

Continental European customers rating 'good' or 'excellent' (%)*



† There will be a further independent survey of our Continental European customers in 2011.

To view our full online Sustainability Report,
please visit **SEGRO.com/sustainability09**

If you would like to let us know your views,
please email **sustainability@SEGRO.com**

SEGRO plc
234 Bath Road
Slough
Berkshire
SL1 4EE

SEGRO.com

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