

SUSTAINABILITY REPORT 2011

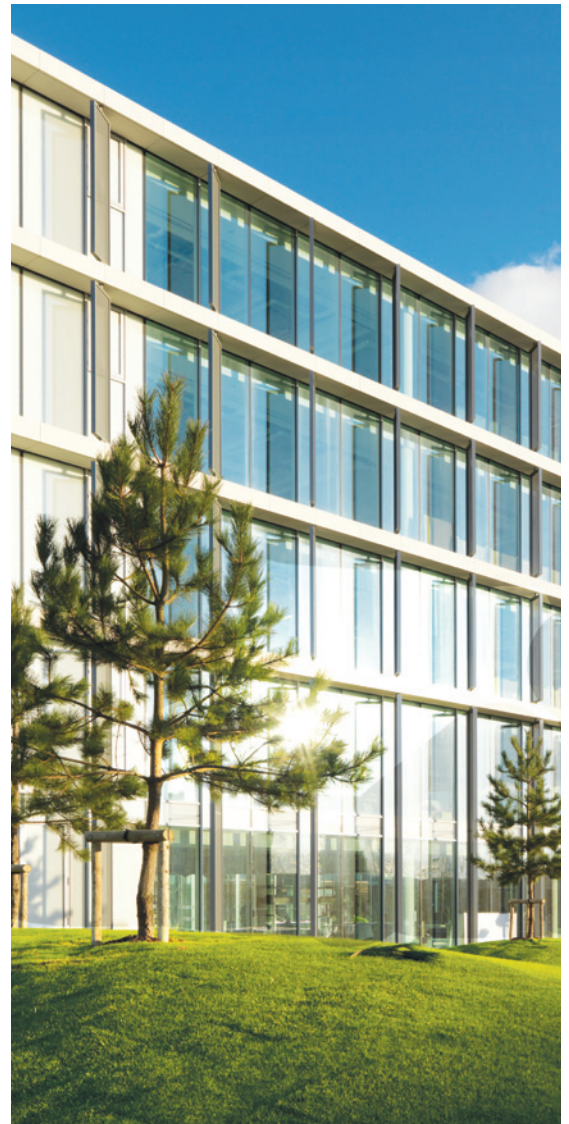


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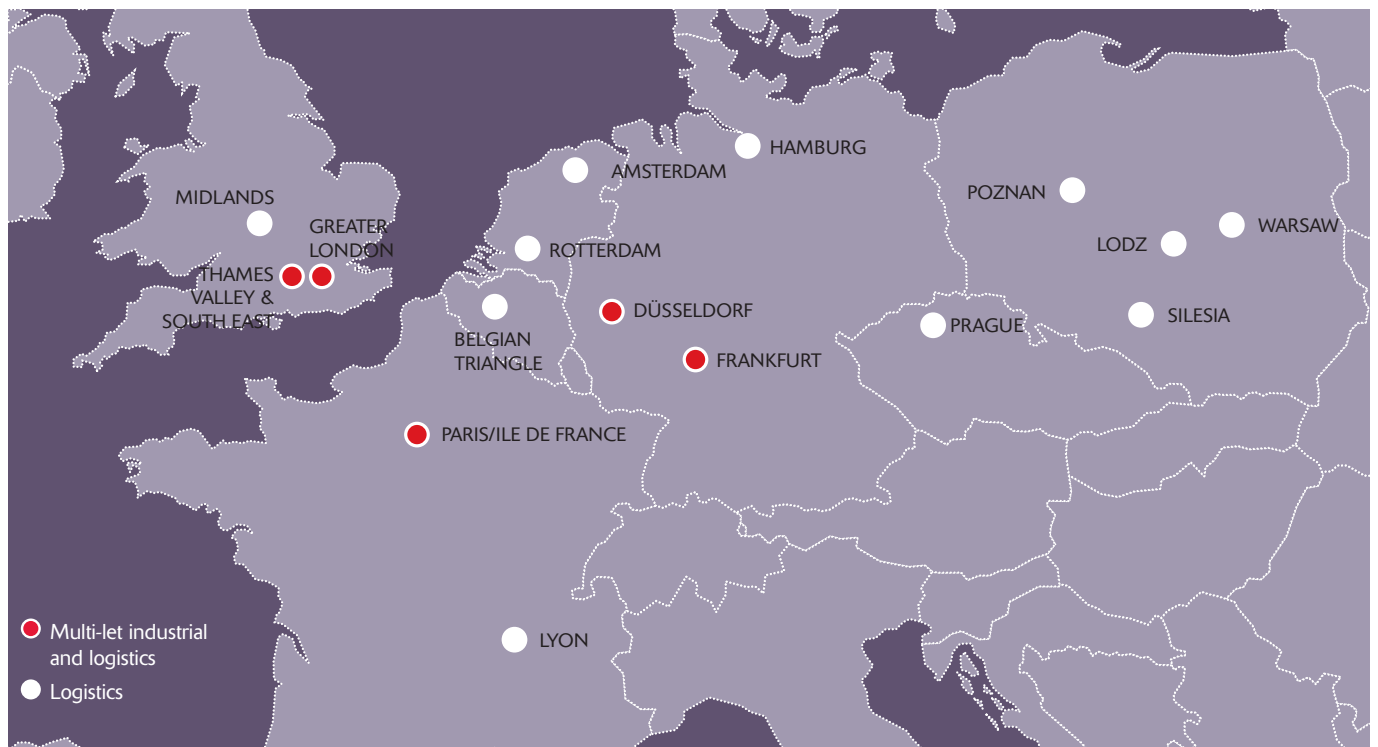
SEGRO is Europe's leading owner-manager and developer of industrial property. We serve over 1,600 customers across a range of industry sectors and geographies. Our portfolio comprises £5.1 billion of assets concentrated in and around major conurbations and transportation hubs such as airports, ports and transportation networks.

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OUR MARKETS



TALKING SUSTAINABILITY

INTRODUCTION

For 90 years, our success has been founded on our ability to adapt to and meet the changing requirements of customers, whether they are international brands or local start-ups. We view sustainability as a fundamental part of the way in which we do business and believe that, by investing in our buildings, our employees and the local communities in which we operate, we can create value for our stakeholders.

This year, we have made further progress in meeting our objectives and have taken proactive steps to review our strategy and targets and to put into place a more robust framework for governance going forward.

Sustainability is an issue which affects each of our stakeholders and, as such, we believe that it should be deeply embedded in the culture and practices of the business. A key initiative over the past year has been to move away from operating a central sustainability function and to integrate sustainability throughout our operations.

As part of the changes made to the management structure to support our overall strategy, Graham Brown, Head of Operational Services, has taken responsibility for Group sustainability, reporting to our Chief Operating Officer, Andy Gulliford. Graham has significant experience of technical sustainability matters but will also be appointing a Technical Sustainability Manager to strengthen our expertise in this area further as we work towards fully integrating sustainability throughout SEGRO.

During 2011, we have continued to make progress against our sustainability targets, which we have been able to achieve through the commitment of our employees to implementing a range of sustainability initiatives across the business.

HIGHLIGHTS

Over the course of the year we worked closely with our customers and completed photovoltaic panel installations at 18 of our properties in Germany, Belgium and the UK. Overall, our portfolio has the potential to generate 3,455MWh of renewable energy. Our proactive approach, as legislative requirements for renewable energy at commercial properties increase, positions us as a forerunner in this area.

At Energy Park, Vimercate, near Milan, we were awarded the prestigious LEED (Leadership in Energy and Environmental Design) Platinum Certificate for one of our buildings. This was the first building to be awarded such a level of accreditation in Italy. In Germany, we also received a 'Gold' rating from the German Sustainable Building Council (DGNB) for a logistics development completed in 2011 for the retailer, Takko.

As part of our drive to reduce our energy consumption and simultaneously enhance the quality and robustness of our data, we appointed specialist energy consultant, Inenco, in the UK during the year to monitor and manage our energy usage. We expect to begin rolling out changes implemented by Inenco to our Continental European operations in 2012.

We have also remained very much focused on investing in the local communities in which we have a major business presence. In 2011 we increased our investment in good causes through the donation of time, money and business space by 42 per cent and were able to support 80 charities and community groups compared with 52 in 2010.

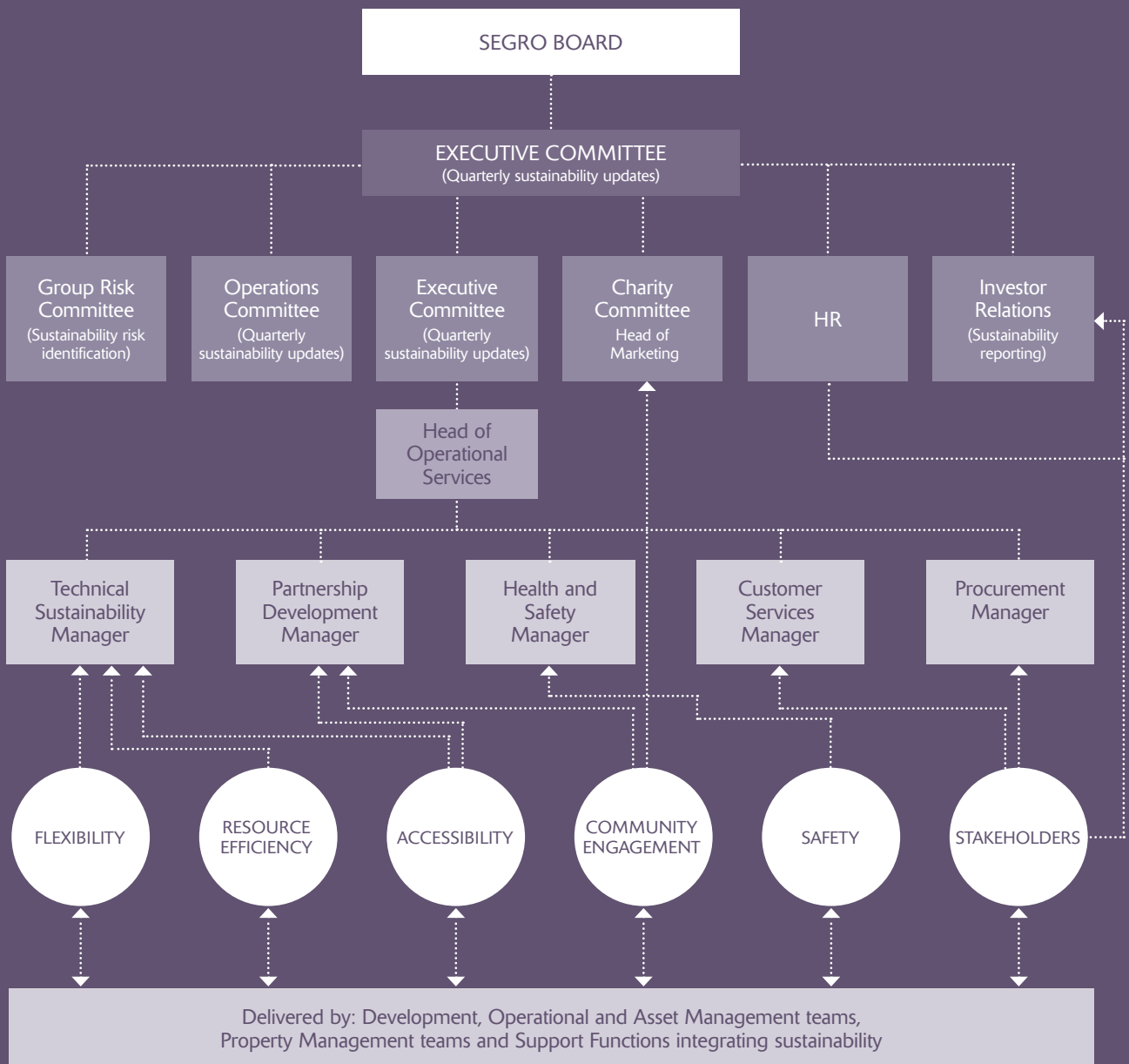
DAVID SLEATH
CHIEF EXECUTIVE



FOCUSED ON SUSTAINABILITY

Find out more online by visiting www.segro.com

HOW WE MANAGE SUSTAINABILITY



THE RIGHT STRATEGY FOR SEGRO

Our five-year strategy, developed in 2009, sets out our key sustainability challenges and objectives under the following headings:

- Resource Efficiency
- Stakeholders
- Communities
- Safety
- Flexibility
- Accessibility

We last reviewed our sustainability strategy, and set targets, in 2009. Our aim was to ensure that we were focused on the most important sustainability issues, which we gauged through external and internal stakeholder dialogues whilst

taking into account any potential impact on our performance, reputation or customer satisfaction.

Whilst we have continued to report against these targets in 2011, we will be looking again at our sustainability strategy in 2012 to ensure that the areas we focus on are fully aligned with the new Group strategy to deliver progressive, sustainable dividend and resilient NAV growth for shareholders.

As part of this review, we have begun consultations with stakeholders and will conclude this process during 2012. We will also be taking into consideration recent or upcoming changes to legislation that are likely to impact upon our business, such as the Energy Act 2011 and Localism Act 2011.

As a result, we expect to make some changes to our sustainability strategy and strengthen the structures we have in place to manage sustainability. These changes will ensure that sustainability is more fully integrated into our operations and supports our vision to be the best owner-manager and developer of industrial property in Europe. We intend to report against our new strategy, outline new targets and report our performance against these targets in our Sustainability Report for the 12 months ended 31 December 2012.

A summary of our existing targets and progress against targets in 2011 can be found on pages 5 and 6 of this report.



OUR PROGRESS AND PERFORMANCE

As part of our five-year strategy, we set 11 longer-term sustainability targets which we aim to achieve by 2014 across the categories of Customers, Resource Efficiency, Communities and Accessibility and 2011 marks the second year of assessment against these targets. Two of our targets have been achieved, six targets are on track to be achieved and only one target requires significant work to be on track to be achieved. Two of our targets are no longer deemed to be applicable to our business. We also set five annual targets for 2011, across the categories of Safety and Customers, of which four were fully achieved and one was not achieved. Further details can be found in the performance table below:

| TARGET | 2011 PROGRESS | TARGET DATE |
|--|---|-------------|
| RESOURCE EFFICIENCY | | |
| ASSET DESIGN AND REFURBISHMENT | | |
| Construct buildings with 30 per cent better energy efficiency than base-build. | Our current developments, when completed, are forecast to achieve 26 per cent better energy efficiency on average than current standards. In the UK the target is being met with a 36 per cent average better efficiency. In Continental Europe the average energy efficiency is below the 30 per cent target. Therefore, on a Group-wide basis this target is still in progress. | 2014 |
| Incorporate water-efficiency measures and water recycling to reduce mains water use by 20 per cent compared to base-build. | The installation of water-saving design features means that our new buildings, when completed, are forecast to use 12 per cent less mains water on average than current standards. | 2014 |
| RENEWABLES | | |
| Investigate the feasibility of renewable energy for every development site. | We investigated the feasibility of renewable energy sources at 13 out of 18 of our new developments, including all of the UK sites. Four of these sites are taking forward renewable energy sources, with the capacity to provide 681 MWh per annum when completed. | 2014 |
| OPERATIONAL PERFORMANCE | | |
| Improve SEGRO's energy efficiency by 30 per cent. | The challenges with energy data collection, in particular the nature of our portfolio where there are many individual units on multi-let industrial estates, have been discussed in our two previous Sustainability Reports. It has taken considerable time to get to a point where we are confident in the robustness and accuracy of the energy data collection and validation processes across the whole of the portfolio. We are now in a position to establish a roadmap for achieving the 30 per cent reduction target, including defining which assets are suitable for reductions. However, we recognise that there is significant work to do to achieve this target. | 2014 |
| Reduce water use by 20 per cent. | SEGRO's landlord-consumed water consumption was 62,000 cubic metres*. Relative to our peers this is a small amount of consumption. Therefore, we have decided that this target is not currently material for our business as it is much more important that we focus on increasing the water efficiency of the buildings we design and refurbish, as well as engaging with our customers on how they can manage water more efficiently. *Excludes data for one quarter of UK consumption. | 2014 |
| Reuse or recycle 80 per cent of development waste. | We reused or recycled 97 per cent of all non-hazardous excavation, demolition and construction waste, diverting 340,366 tonnes of waste from landfill and exceeding our target. | 2014 |
| Reduce the weight of development waste to landfill by 70 per cent. | SEGRO no longer considers this target to be applicable due to the achievement of 97 per cent reuse or recycling of development waste in 2011 and the lack of an industry standard that would be meaningful for our business and supply chain. | 2014 |

PERFORMANCE SUMMARY OUR PROGRESS AND PERFORMANCE CONTINUED

| TARGET | 2011 PROGRESS | TARGET DATE |
|--|---|-------------|
| STAKEHOLDERS | | |
| CUSTOMERS | | |
| Continental Europe target only – To improve customer satisfaction with our understanding of their business needs from 57 per cent in 2009, by focusing on customer relationship management, as measured through our 2011 survey. | Satisfaction with our understanding of customer business needs increased from 57 per cent in 2009 to 62 per cent in 2011. | 2011 |
| Continental Europe target only – To continue to improve consistency in satisfaction levels between countries, as measured through our 2011 survey, by implementing smart, efficient customer service procedures. | Compared to 2009 figures consistency improved in several areas, and we now demonstrate high consistency in communication and responsiveness, property management and overall satisfaction as an occupier. A decline in consistency in the areas of value for money, rent and service charges is mainly explained by market circumstances. Despite the fact that we are not consistent in these two areas across countries, we managed to significantly increase satisfaction with value for money rent (up 24.1 per cent to 39.1 per cent) and service charges (up 10.3 per cent to 37.4 per cent) on an overall level. In 2012 we will further focus on strengthening consistency across Continental Europe countries and in the UK. | 2011 |
| Engage with a significant number of customers to improve sustainability. | In 2011 we engaged with 58 customers on sustainability issues. As part of this, 24 new lease contracts contained Green Leases and Memoranda of Understanding, an increase of 10 over 2010 figures. In total 90 contracts contain Green Lease clauses, representing £11.5m in annualised rental income, which equates to around 3.5 per cent of total Group-wide rent. By the end of the year 81 lease contracts contained the newly revised Eco efficiency guide for customers occupying SEGRO buildings. | 2014 |
| COMMUNITIES | | |
| Invest in communities where we have a major presence. | We invested over £1.7 million in good causes, through money, time and business space. We invested in local communities around four of our largest business locations in the UK: Park Royal, Slough, Heathrow and Enfield. | 2014 |
| Ensure community engagement plans are in place where we have a major presence. | We are in the process of implementing and maintaining structured community engagement plans. In 2011 we began programmes in Hounslow, Ealing and Hillingdon in the UK. During 2012, a structured approach to community engagement for Continental Europe will be established with our operations teams in Paris and Düsseldorf. | 2014 |
| SAFETY | | |
| Maintain a zero fatality rate throughout Group operations. | A zero fatality rate was maintained throughout Group operations during 2011. | 2011 |
| Ensure no health and safety prosecutions or enforcement action throughout Group operations. | We received one health and safety prosecution and enforcement action over the course of 2011. All conditions contained in the prohibition notice from the local authority have been complied with by SEGRO. | 2011 |
| Implement assessment and training requirements for the Group-wide Driving for Work Policy. | Implementation of the Driving for Work Policy has been by means of corporate communication, online driver awareness training and online driver assessment for employees. The next steps during 2012 are to use assessments to identify further training needs and to implement the policy in Continental Europe. | 2011 |
| ACCESSIBILITY & FLEXIBILITY | | |
| For all appropriate new developments and managed estates to have a tailored travel plan. | The number of green travel plans covering our major asset holdings increased to five in 2011. We continue to maintain and develop those plans established previously. | 2014 |

IMPROVING OUR RESOURCE EFFICIENCY

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

The Government has signalled, via the Energy Act 2011, that owners of buildings achieving below a minimum standard (potentially F and G) will be required to make amendments to upgrade the asset rating for it to be legally lettable. SEGRO is proactively planning and taking necessary steps to ensure that we are more than adequately equipped to meet with such legislative changes, which are expected to come into force in 2018.

BUILDING RATINGS

Energy Performance Certificates (EPCs) have been a legal requirement for the sale, leasing or development of commercial properties in all EU member countries since 2008. In our view, these certificates are indicative of the inherent quality of an asset and we take the approach that it is our responsibility, working closely with our customers, to design, build and refurbish sustainable buildings.

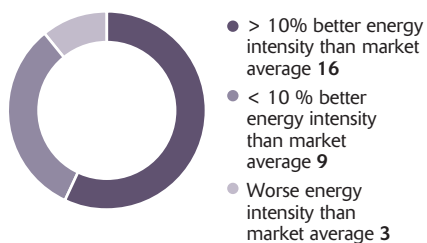
We have also achieved LEED (Leadership in Energy and Environmental Design) Platinum Certification for one of our buildings at Energy Park, Vimercate in Italy, and a 'Gold' rating from the German Sustainable Building Council for a logistics development completed in 2011 for Takko, a German retailer.

As at 31 December 2011, over 1,000 of our buildings across the UK and Continental Europe, representing 33 per cent of the portfolio's lettable area, were EPC-rated, of which 74 per cent achieved a rating of D or above. A further 28 buildings in Germany and Flemish Belgium were rated under local standards, of which 25 were rated as more efficient than their market average benchmark.

Total number of EPC-rated buildings in portfolio (as at 31 December 2011)



Total number of performance-rated buildings in Germany and Flemish Belgium (as at 31 December 2011)



LEED AWARD AT ENERGY PARK, VIMERCATE

1st building

IN ITALY AWARDED LEED PLATINUM

In November 2011 SEGRO was awarded the prestigious LEED (Leadership in Energy and Environmental Design) Platinum Certificate by the US Green Building Council, for one of its buildings at Energy Park, Vimercate in Italy. This is the first building in Italy and one of only six buildings in Europe to have received this level of accreditation.

The award recognises that the building, known as Building 03, has been built and designed to the highest standards of sustainable practices.

LEED promotes a whole building approach to sustainability, recognising performance in key areas such as water efficiency, materials and resources, awareness and education and innovation in design.

Building 03 totals 11,000 sq m and was constructed in 2009. Its major occupier is SAP ITALIA SpA, a leading provider of IT software solutions.



SOLAR POWER

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PROPERTIES WITH RENEWABLE ENERGY INSTALLED

In October, we completed a major installation of 20,400 sq m of photovoltaic roof panels in partnership with one of our occupiers, Takko, and energy firm Juwi Solar at our Winsen Benzstrasse Logistics Centre in Hamburg. These will generate around 640,000kWh each year, enough to run 180 homes and save 437 tonnes of carbon emissions. This follows the success of our previous installation with Juwi Solar, at the Neckermann site in Frankfurt where we installed 7,000 sq m of photovoltaic panels.

Also in Germany, we installed over 1,400 photovoltaic roof panels at two of our properties at Dormagen and Darmstadt in partnership with Pohlen-Gruppe. These were connected to the grid in January 2011 and now generate enough clean power each year to save over 220 tonnes of carbon, which is equivalent to emissions from over 100 homes.

In Belgium photovoltaic installations during 2011 at Rumst and Bornem are expected to generate enough clean energy to save 5,800 tonnes of carbon emissions.

In the UK, we installed photovoltaic systems on three properties, occupied by LG Electronics, Staples and AZUR Solar, on the Slough Trading Estate, which are estimated to generate an annual output of 117,000kWh of electricity. At IQ Winnersh, also in the Thames Valley region, new installations during the year are expected to generate 37,000kWh each year.

We have further schemes planned for 2012, including X2 at Heathrow and Heston, and see this as an important step for us to both help our customers reduce their energy costs and to reduce our carbon emissions going forward.

RENEWABLES

We are committed to generating power from renewable sources and continue to install systems such as photovoltaic rooftop panels on our existing buildings and at new developments, in partnership with our clients and renewable energy providers, wherever feasible.

In 2011, we assessed the feasibility of installing renewable energy sources on all of our UK developments and over 60 per cent of our Continental European developments contracted or under construction during the year. As at 31 December 2011, we had installed renewable energy at 18 of our properties.

Overall photovoltaic panel installations at our properties in the UK and Continental Europe, combined with air and ground source heat pumps, have the potential to generate 3,455MWh of renewable energy.

The addition to our buildings of renewable energy sources greatly benefits both SEGRO and our customers, with the supply of renewable energy providing the opportunity for our occupiers to improve the green credentials of their own businesses.

Under the feed-in tariff (FIT) that was in place in the UK until December 2011, we had projected attractive financial returns from the installation of solar panels on our buildings. However, the UK Government's unexpected announcement in October that it would be dramatically reducing the FIT ahead of schedule created significant uncertainty and we were only able to complete two out of the six projects planned in time to meet the December deadline.

Despite ongoing uncertainty, we remain committed to generating power from renewable sources. With increased requirements for renewable energy on all future developments and the drive for all new commercial properties to be near zero carbon by 2019, our current activity will make SEGRO one of the forerunners in this area and help with our objective to be the landlord of choice.



RESOURCE EFFICIENCY IMPROVING OUR RESOURCE EFFICIENCY CONTINUED

OPERATIONAL PERFORMANCE

As part of our drive to reduce both energy consumption and costs, we appointed specialist energy consultancy, Inenco, during the year. As a result, we have in place a new bespoke energy procurement strategy and an early warning system to monitor any spikes in consumption throughout our UK operations. We are also rolling out the installation of automated meter readers to our properties, which will give us a greater level of control over our energy data. This increased knowledge will enable us to prioritise improvements in our energy performance and will, potentially, deliver savings of up to 20 per cent in our energy costs for the UK.

In Continental Europe, Stijn Peeters, Customer Services Manager, has taken on a central co-ordination role for sustainability data gathering. A key task has been to spend time working with our property teams to improve the quality and coverage of our datasets and the timeliness of reporting relevant information.

During 2011, we purchased 54.8 million kWh of energy, both for our own use and on behalf of customers. This is an increase compared to 2010, largely as a result of the implementation of more rigorous data collection procedures across the business. Whilst the number of estates reported in 2011 was broadly comparable to 2010, the number of meters being captured within these estates increased.

| | TOTAL ENERGY 2010 | TOTAL ENERGY 2011 |
|--|----------------------|----------------------|
| GROUP-WIDE ANNUAL ENERGY CONSUMPTION BREAKDOWN BY PROPERTY TYPE (KWH) | | |
| LOGISTICS WAREHOUSES | | |
| Total SEGRO-obtained | 37,772,453 | 49,218,271 |
| Shared services (for common parts and tenant areas on unmetered basis) | 2,561,951 | 5,273,357 |
| Exclusive tenant consumption (on sub-metered and metered basis) | 35,210,502 | 43,944,914 |
| INDUSTRIAL | | |
| Total SEGRO-obtained | 17,414,792 | 21,381,223 |
| Shared services (for common parts and tenant areas on unmetered basis) | 14,798,316 | 18,809,981 |
| Exclusive tenant consumption (on sub-metered and metered basis) | 2,616,476 | 2,571,241 |
| OFFICES AND OTHER BUSINESS SPACE | | |
| Total SEGRO-obtained | 21,076,686 | 28,439,822 |
| Shared services (for common parts and tenant areas on unmetered basis) | 21,076,686 | 24,989,973 |
| Exclusive tenant consumption (on sub-metered and metered basis) | Nil | 3,449,848 |
| EXTERNAL COMMON AREAS | | |
| Total SEGRO-obtained | 776,875 | 4,374,114 |
| SEGRO-OCCUPIED | | |
| Total SEGRO-obtained | 1,253,196 | 1,374,789 |
| TOTAL | | |
| Total SEGRO-obtained | 78,294,002 | 104,788,218 |
| Shared-services (for common parts and tenant areas on unmetered basis) | 40,467,024 | 54,822,214 |
| Exclusive tenant consumption (on sub-metered and metered basis) | 37,826,978 | 49,966,004 |
| Coverage (by number of buildings/units) | 367 | 765 |

RESOURCE EFFICIENCY IMPROVING OUR RESOURCE EFFICIENCY CONTINUED

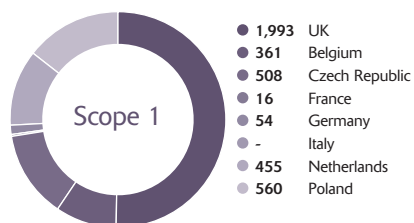
Our carbon footprint from landlord-purchased energy, excluding that which was exclusively metered to tenants across Continental Europe, was 21,200 tonnes (2010: 15,200 tonnes). This increase is largely a result of the implementation of more rigorous data collection procedures across the business.

| SCOPE OF EMISSIONS | 2010 | 2011 |
|--|--------|--------|
| GREENHOUSE GAS EMISSIONS (TONNES CO ₂ -E) | | |
| Scope 1 | 3,295 | 3,948 |
| Scope 2 | 11,928 | 17,288 |
| Total | 15,223 | 21,236 |

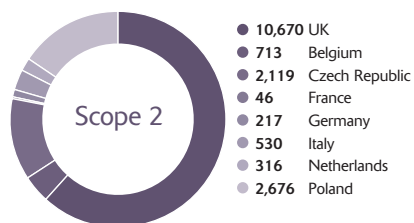
Scope 1 emissions results from the on-site consumption of natural gas. Scope 2 emissions result from the consumption of electricity obtained from the national grid.

SEGRO purchased electricity and gas consumed on-site and covered by the data above, which includes energy costs passed on through service charges.

2011 Greenhouse gas emissions by scope of emissions (tonnes of CO₂-e)



2011 Greenhouse gas emissions by scope of emissions (tonnes of CO₂-e)



Energy Intensity

A useful metric that we are now able to report is energy intensity (kWh / m² / year). This metric allows us to normalise energy consumption and, in future, benchmark our assets in comparison to industry best practice to help identify buildings with the most potential for improvement.

| ASSET TYPE (UK) | 2010 | 2011 |
|--|------|------|
| ENERGY INTENSITY (KWH / M² / YEAR) OF SEGRO'S PURCHASED ENERGY | | |
| Offices and other business space | 348 | 326 |
| SEGRO Occupied offices | 219 | 212 |

Energy Costs

Total energy expenditure on our managed multi-let and vacant properties declined to £2.1 million in 2011 (2010: £2.3 million)*, largely due to the reduction in vacancy across our portfolio during the year. In addition, a process of rationalising supplier contracts, which commenced in 2010, benefitted vacant energy costs through a more competitive unit price.

Water

We purchased 62,400 cubic metres of water in 2011 (2010: 68,700 cubic metres). We continue to work with our customers to reduce water costs by installing dual-flush toilets, low-flow taps, automatic urinal flushing and by introducing rainwater harvesting schemes.

Development Waste

We reused or recycled 340,400 tonnes of development waste (2010: 6,900 tonnes), reflecting the increased level of development activity in both the UK and Continental Europe during 2011 compared with the prior year. At one of our larger developments in Tychy, Poland, 175,000 tonnes of soil were excavated, of which 160,000 tonnes were reused as composting and 15,000 tonnes reused on site.

* 2010 restated to exclude expenditure recharged to customers via a service charge.

ENGAGING WITH OUR STAKEHOLDERS

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



“In 2011 a Customer Services Workgroup was created with the objective of outlining a customer service strategy to drive best-in-class customer retention and to propose a pragmatic approach for ongoing customer relationship management.

The initiatives developed by this SEGRO cross-business team will be rolled out during the course of 2012, taking into account the recommendations from the 2011 customer satisfaction survey. Driven by a consistent ‘One SEGRO – Working Together’ approach, I am convinced this will result in our customer care becoming more visible and an increased awareness of the business benefits of being a SEGRO customer.”

Stijn Peeters,
Customer Services Manager

OUR CUSTOMERS

A Group-wide customer satisfaction survey was carried out during the year with over 200 SEGRO customers across eight countries, the results of which were very encouraging and underline our increasing commitment to working closely with and meeting the needs of our customers.

Overall satisfaction as an occupier of our buildings was rated as ‘good’ or ‘excellent’ by 78 per cent of customers. Over 80 per cent of respondents believe that SEGRO provides a consistently strong property management service, and over 70 per cent expressed satisfaction with the quality of our estate services.

Our commitment to high operational standards was recognised during the period by prestigious industry awards for Best Property Company in Industrial and Distribution (Estates Gazette), Property Company of the Year and Deal of the Year in the under 50,000 sq ft category, for a development on behalf of GeoPost (both Industrial Agents Society).

2011 Group customer satisfaction rating as ‘good’ or ‘excellent’

| | |
|-----------------------------|-----|
| Satisfaction as an occupier | 78% |
| Performance of SEGRO | 74% |
| Building | 80% |
| Property management | 82% |
| Communication | 78% |

2011 UK customer satisfaction rating as ‘good’ or ‘excellent’

| | |
|-----------------------------|-----|
| Satisfaction as an occupier | 82% |
| Performance of SEGRO | 69% |
| Building | 86% |
| Property management | 77% |
| Communication | 64% |

2011 Continental Europe customer satisfaction rating as ‘good’ or ‘excellent’

| | |
|-----------------------------|-----|
| Satisfaction as an occupier | 75% |
| Performance of SEGRO | 74% |
| Building | 73% |
| Property management | 87% |
| Communication | 87% |

CUSTOMER VIEWS

"The installation of solar panels on the roof of our building has been of great benefit to us, not only as an environmentally friendly cost saving measure but as a means of ensuring communication and building relationships between landlord and client. We were very impressed by SEGRO's commitment, advice and guidance throughout the project."

Wan Gi, Facility Management Team Leader
LG Electronics UK

"We are delighted to be based at IQ Winnersh. This office development has been built to a very high standard and we were particularly attracted by the innovative, sustainable and energy-conscious accommodation which is exactly what we need for our operations. We favoured IQ Winnersh due to its excellent transportation links and the ease of access for employees getting to and from the office. We are pleased to have worked with SEGRO in securing this location."

Geraint Williams,
UK & Ireland Real Estate Director, Atos

"Our decision to remain located on Slough Trading Estate is not only down to our long-standing history on the scheme, but also because of the fast-tracking development process that the landlord is able to undertake."

Andy McLean,
Executive Vice President, Selig

"Fitting out of both office and warehousing space is perfect, absolutely top quality. Our requirements were implemented before we moved in, to agreed completion dates."

Wolfgang Dillbaum, Managing Director
APS Aviation Parts Service GmbH

"I really appreciate the partnership and flexibility SEGRO has offered us. What's important isn't who the landlord is, but their willingness to listen, and SEGRO has demonstrated this. Business is about people, not contracts."

Philippe Rocuet, General Director
AGO

STAKEHOLDERS ENGAGING WITH OUR STAKEHOLDERS CONTINUED

OUR SUPPLIERS

Safety and sustainability form a key part of our supplier evaluation process so that we can be confident that our suppliers share the same values as us.

We implemented a new procurement policy in the UK in 2010 to reduce our supplier base and forge closer relationships with a smaller number of suppliers. During 2011 we have continued to rationalise our supplier base and now directly deal with less than one quarter of the original number of suppliers. In 2011 this included the rationalisation of our estate management supply chain, such that all service charge recoverable services are now provided by less than 25 suppliers compared with around 300 in recent years, generating significant savings.

Additionally, prior to the award of any new supply agreement we now ensure that all suppliers comply with our health and safety and environmental policies. In 2011, 480 suppliers were assessed on this basis (2010: nil).

During the year, we started a phased roll-out of our procurement policy to Continental Europe which will continue during 2012.

OUR INVESTORS

SEGRO places frequent and open communication with the investment community among the highest of its priorities.

During 2011 we met with around 135 investors through a combination of one-to-one meetings, conferences and roadshows in locations including the UK, US, Netherlands and France. Additionally, in November around 80 institutional investors and analysts attended an Investor Day at which our new strategy for the business was outlined. This included site visits to operations at the Slough Trading Estate and Park Royal. Throughout the year we hosted a further 13 visits for professional investors and analysts to our assets in the UK and Continental Europe.

We ensure that the Chairman and Senior Independent Director are available to our shareholders, should they have any concerns where contact through our usual channels has failed to resolve the issue or is otherwise inappropriate. All Board Directors are available for meetings with shareholders.

The Company's website www.segro.com provides all shareholders with comprehensive information on the Group's recent business activities and financial developments. Shareholders can access this information through webcasts, press releases and interviews with the Chief Executive.

OUR PEERS

We engage in frequent and active communication with our peers and industry experts through a multitude of channels. Within the business, senior management hold committee positions on a number of sector associations, including the European Real Estate Association (EPRA), Investment Property Forum, British Property Federation, Property Industry Alliance and the UK Green Building Council.

Management also holds Board and advisory positions on local business and economic groups including West London Business, Thames Valley Local Enterprise Partnership, Hounslow Economic Forum, Slough Chamber of Commerce and charitable organisations such as Slough Business Community Partnership.

OUR EMPLOYEES



"We believe SEGRO people are amongst the best in our industry. We have a talented and committed team of employees in the UK and across Continental Europe. Our aim is to continue to attract, develop and retain the best and brightest employees in the industry".

Liz Reilly,
Group HR Director

Growing Our Own

We are proud of our track record in spotting and nurturing talent. In 2011 we filled three of the most senior roles in the organisation through internal promotion – our Chief Executive, Chief Operating Officer and Chief Investment Officer were all promoted from within.

We are also keen to attract people from different sector backgrounds to SEGRO and in 2011 our new Finance Director joined us with experience gained from a variety of financial and management roles across different types of businesses to add to our diversity of thinking and approach.

When reviewing talent, we look across the entire business with the aim of spotting talent early and growing our own successors for key roles. Our ambition is to make sure every individual has the opportunity to maximise their potential and their careers with SEGRO.

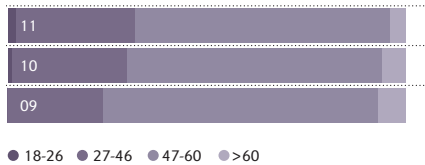
STAKEHOLDERS

ENGAGING WITH OUR STAKEHOLDERS CONTINUED

Reshaping Our Portfolio and Our Structure
Our ambition is to be the best owner-manager and developer of industrial property in Europe. Our review of strategy in 2011, led by the new CEO, created a clear focus on reshaping our property portfolio. To support the new business strategy, we reorganised our structure and teams to deliver the two key pillars of our strategy – Operational Excellence and Disciplined Capital Allocation.

We managed the change successfully, creating a number of new and expanded roles whilst at the same time minimising the number of redundancies. Once again, we were able to promote successfully from within the business with all of the new roles created being filled by existing SEGRO employees.

Employee age profile (%)



Valuing Diversity

We believe that diversity is good for business and aim to ensure that SEGRO provides equal opportunities in how we recruit new employees and develop and promote existing employees, regardless of age, gender or ethnicity. We are also committed to offering equal opportunities to people with disabilities and, if an employee becomes disabled whilst in our employment, we will offer appropriate support, retraining, equipment and facilities to enable them to continue in their role with SEGRO.

We have a strong talent pipeline of women in senior roles in SEGRO. Our team reporting directly to members of our key decision-making forum (the Executive Committee) is equally balanced, with 50 per cent of women fulfilling key roles in the business.

One Team – One Voice

We believe that regular two-way communication is essential for building meaningful employee engagement throughout our business. We communicate with employees through a variety of mediums including face-to-face briefings at weekly and monthly meetings, a Friday notice board update and access to Group-wide intranet and webinar sessions. We have also run bi-annual employee surveys since 2004 and will be undertaking our next independent, all-employee survey across the business during 2012.

Being the Best

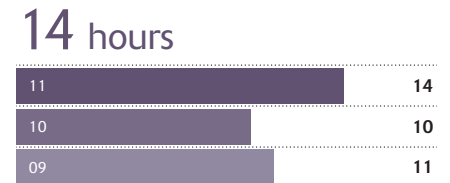
Our people want to be at the top of their game – to reach the highest standards and provide the best solutions and services for our customers. Training and development is therefore very important to us.

In 2011, we invested more than 3,400 hours in training – a 25 per cent increase on the prior year. In addition to our general management training and vocational education, we offer specialised development and networking opportunities for our senior managers.

We are a member of the Henley Partnership, run by Henley Business School, which offers a range of thought leadership events focusing on current issues relevant to business, team-building and leadership skills. In 2011, 26 employees from across the business attended partnership sessions with other business leaders from diverse industry backgrounds.

Other employees attended a three-day programme designed for present and future leaders of real estate organisations covering issues such as sustainability, strategy and risk management. This programme is run by the Reading Real Estate Foundation, to which we provided funding for research during the year and are actively involved on the Committee. Several employees also attended an Advanced Leadership Programme at Cranfield Business School during the course of 2011.

Average number of hours training (per employee)



SEGRO GRADUATE TRAINING PROGRAMME

After completing my undergraduate degree I undertook various work experience placements in local and national property firms and subsequently applied to study a Masters in Real Estate at Reading University. At Reading I became aware of SEGRO as an employer as the company enjoys strong links with The University of Reading and had also sponsored our lecture theatre. I applied to SEGRO and was successful in gaining the position of Graduate Surveyor starting in September 2010.

I am now approximately 18 months into my two-year training programme at SEGRO and intend to take my professional qualifications in six months' time. My role has encompassed a number of different disciplines which has provided me with the necessary breadth of experience and training required in order to take my Assessment of Professional Competence.

Outside of my day-to-day job, I also attend various CPD and networking events which are held both by SEGRO and external companies in order to keep up-to-date with the latest news and legislation relating to the property industry. I have found that, as a graduate at SEGRO, you are treated as a valued member of the team and are given responsibility from day one, which has enabled me to progress quickly and gain experience in a number of areas which would not have been available otherwise.

Eleanor Burton,
SEGRO graduate
training programme



WORKING WITH OUR COMMUNITIES

OBJECTIVE:
TO MAKE A POSITIVE CONTRIBUTION TO COMMUNITIES IN WHICH SEGRO HAS A SIGNIFICANT PRESENCE



2014 TARGET:
INVEST IN COMMUNITIES IN WHICH WE HAVE A MAJOR BUSINESS PRESENCE

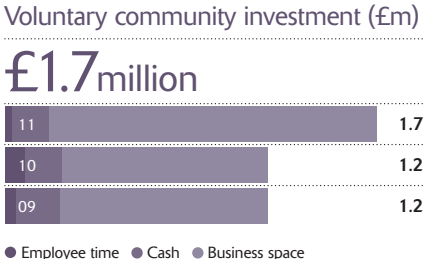
SEGRO invested more than £1.7 million in good causes and local communities based around its largest business locations during 2011 by donating money, time and business space. This represents a 42 per cent increase on the prior year (2010: £1.2 million).

During 2011 we actively increased our engagement in the communities in which we operate, supporting 80 charities and community groups compared with 52 in 2010. We continue to offer a wide variety of support to local and national organisations to ensure their needs are met, including the provision of free commercial space, business advice and guidance and donating much needed cash and equipment. As well as maintaining and developing links with many charities, such as Berkshire East and South Bucks Women's Aid, new and exciting partnerships were formed. We have also teamed up with Alexander Devine Children's Hospice Trust to work towards building Berkshire's very own children's hospice for local families by helping the Trust to establish new fundraising headquarters on the Slough Trading Estate.

SEGRO made a number of cash donations throughout the year. We continued our popular community bursary scheme in Heywood, through which seven charities received funding, and we made new donations to community centres in Slough, Hounslow and Ealing to support the development of young people from disadvantaged neighbourhoods. SEGRO will continue to work with these community centres throughout 2012.

For the fourth consecutive year we supported The Outward Bound Trust, which provides residential courses to help young people from challenging backgrounds to develop new skills and confidence.

A selection of our charity and community activities have been outlined in more detailed case studies on page 18.



2014 TARGET:
ENSURE COMMUNITY
ENGAGEMENT PLANS
ARE IN PLACE WHERE
WE HAVE A MAJOR
PRESENCE



“SEGRO developments are an integral part of any community and we will continue our efforts to understand the issues affecting local people. There may be no magic formula to solve these issues but we will remain proactive in our approach. We encourage ideas and involvement from our on-site staff and suppliers, working with local communities to support carefully chosen local projects for longer periods, and building closer relationships with local communities where we have major investments.”

Neil Impiazzi
Partnership Development Manager

Community engagement is not new to SEGRO. We have been working with local communities around our major sites for many years. We also play an important role in creating employment opportunities and safeguarding local jobs. However, we recognise that we can always do more to make a positive, ongoing difference to local communities and build trust with local people. As well as being an expert at investment and development, our goal is to become an expert at working with communities.

Neil Impiazzi was appointed to the new role of Partnership Development Manager in 2010, to enhance our level of engagement with stakeholders and local communities. Neil’s role, which has developed significantly over the past year, broadly covers three areas:

- Policy advice and guidance: Assessing the impact of emerging Government policy and responding to ensure that the interests of SEGRO, its shareholders and customers are safeguarded
- Stakeholder management: Maintaining and enhancing SEGRO’s links with key local and national stakeholders to help bring forward regeneration collaboratively
- Planning support: Ensure local communities are kept abreast of major developments that affect them

The Government is making major changes to the planning system with the Localism Act and the new National Planning Policy Framework at the heart of these proposals. As a result, many decision-making powers for housing and planning are being devolved to local councils in an attempt to make the system more responsive to local needs and reduce bureaucracy. As an investor in local communities, SEGRO supports the principles of localism and has actively engaged with Government to demonstrate the benefits an efficient planning system can have on economic growth and local job creation.

We also support the need to involve local communities in the planning process and to create a more co-operative approach to planning. We continue to work closely with local councils and community engagement is a key part of our strategy to help people understand the local benefits of development.

We very much hope that the changes will help remove uncertainty and delays in the planning system. However, it is important that the transition to localism and the introduction of the National Planning Policy Framework is implemented effectively. At this time of economic uncertainty, we do not want the development process to stall. We remain committed to working with central Government, local authorities and local communities to ensure that new planning policy encourages investment, economic stability, jobs and long-term sustainable growth.

COMMUNITIES WORKING WITH OUR COMMUNITIES CONTINUED



INSPIRING YOUNGSTERS THROUGH RUGBY

SEGRO donated £10,000 to the Hitz rugby programme, which is a progressive high-profile programme based in the heart of inner city estates targeting young people at risk of exclusion and anti-social behaviour. The programme sees the charity Wooden Spoon joining with the YMCA and selected rugby delivery bodies (National Governing Bodies and professional rugby clubs) to engage and recruit disadvantaged and disillusioned young people (aged 16–19 who are not in education, employment or training) onto a unique education and training programme that provides opportunities for them to gain achievement, success and ultimately turn their lives around.

SUPPORTING LOCAL ENTREPRENEURS IN BRISTOL

Two martial arts entrepreneurs, Luca Crivelli and Alfie Chapman, running an apparel business from the back rooms of their homes, were able to move into a SEGRO warehouse unit on one of Bristol's busiest commercial parks, rent-free for a year, after winning a Bristol Evening Post Entrepreneur competition sponsored by SEGRO.

MAX THE CASH

We gave four teams of sixth-form students £100 each to invest with the aim of making a profit for Thames Hospicecare, a charity giving people with life-limiting illnesses the best life possible. The fundraiser took place over eight weeks and SEGRO provided mentoring advice, where possible, with the aim of encouraging creativity and developing young people's enterprise skills. The four teams raised a total of £3,779.

HELPING LOCAL COMMUNITIES IN LONDON'S BOROUGHS

SEGRO donated £5,000 to The Southville Community Centre in Bedfont in 2011 to support its work in helping the London Borough of Hounslow's long-term unemployed. The money will enable the centre to run a Job Club each week, as well as sessions for in-depth employment help for the long-term unemployed and parents returning to work. In addition to the funding, members of staff from SEGRO have been working in partnership with the centre to help get the project up and running. Our staff will be assisting with mentoring and carrying out mock interviews with residents.



"In December 2010, we launched the Hounslow Economic Business Forum, which works with the large organisations in the borough to address a variety of business issues. SEGRO is an active member of the forum, and this donation will help those residents who are long-term unemployed to get back into work."

Councillor Ruth Cadbury,
Deputy Leader of Hounslow Council

GIVING YOUNG PEOPLE AN OPPORTUNITY TO DEVELOP NEW SKILLS

For the fourth consecutive year, we supported The Outward Bound Trust, this year enabling 111 young people from challenging backgrounds to participate in the residential courses operated by the Trust which are designed to help them develop new skills and confidence.



NATIONAL AWARDS HIGHLIGHT TOP LOCAL PARTNERSHIP

In July, SEGRO and Berkshire East & South Bucks Women's Aid won Best Small Charity Business Partnership at the prestigious Institute of Fundraising National Awards. The award recognised that SEGRO had donated much-needed office space and professional support to the charity, enabling it to develop its award-winning Independent Domestic Violence Advocacy service which supports victims of domestic abuse. With SEGRO's help, this service reached over 800 victims last year and also received the Queen's Award for Voluntary Service.

"Collecting this award in front of hundreds of representatives from the voluntary sector was wonderful and made me realise just how far we have come. We are delighted to receive this award which shows that when business and charity work together they can achieve spectacular results. SEGRO has been a wonderful partner to work with."

Gerry Lejeune OBE,
CEO of Berkshire East & South Bucks Women's Aid



MAINTAINING LEVELS OF SAFETY

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



“Safety is a top priority at each of our estates, development and refurbishment sites and in our buildings. We work hard to ensure that we meet and, where possible, exceed minimum health and safety requirements in all of the countries in which we operate. We carry out rigorous audits of any incidents that occur on our sites so that we can prevent future incidents from occurring, wherever possible.”

Graham Brown
 Head of Operational Services

Our commitment to maintaining the highest standards of health and safety across our business has been recognised with prestigious British Safety Council International Safety Awards in Continental Europe and the UK, for a third consecutive year.

We met our 2011 targets to maintain a zero fatality rate and to implement assessment and training requirements for the Group Driving for Work Policy, as set out in the case study on the following page.



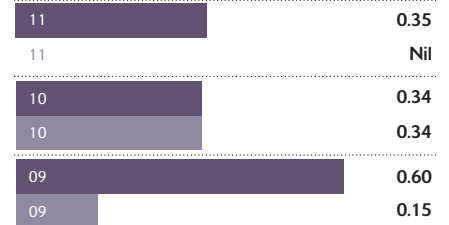
This year, we will continue to strive to meet our principal targets, which are as follows:

- To maintain a zero fatality rate throughout Group operations
- To ensure no health and safety prosecutions or enforcement action throughout Group operations
- To prepare a new ‘One SEGRO’ health and safety strategy that will embed health and safety within all decision-making processes throughout the Group

Accident frequency rate

0.35

Reportable incidents per 200,000 hours worked



- Accident Frequency Rate: Group-wide employees
- Accident Frequency Rate: UK-only contractor

DRIVING FOR WORK

55%

OF EMPLOYEES ARE REQUIRED
TO DRIVE FOR WORK

Approximately 55 per cent of our employees are required, at some time, to drive during the course of their work. Several of these employees drive high mileages and many are required to drive early in the morning, late at night and in the hours of darkness.

During 2011, we reviewed our driving for work procedures and agreed upon a programme of action which was implemented during the year, including preparation of The Driving for Work Policy in conjunction with our Group health and safety consultants.

All employees who are identified as potentially having a requirement to drive for work are now provided with basic

online driver awareness training, following which they are categorised as low, medium or high risk, according to their role and driving needs. Based on these risk-assessed ratings, we plan to deliver further training with accredited trainers through a combination of classroom and in-car sessions during 2012.

Key objectives of this programme are to ensure that our employees are more aware of potential driving hazards and to encourage them to consider whether their car journeys are necessary or any alternative transport could be taken. Potential future benefits, which will be monitored, include reductions in both the number of vehicle incident claims and fuel costs resulting from better driving.



CONSTRUCTING FLEXIBLE BUILDINGS

OBJECTIVE:
TO CONSTRUCT BUILDINGS THAT CAN BE EASILY ADAPTABLE FOR MULTIPLE USES

We design and construct our industrial buildings so that they can be easily adaptable for multiple uses and are therefore attractive to a wide variety of businesses. This benefits our customers because we have the flexibility to meet their individual requirements. It also benefits local authorities and communities in the areas in which we operate by giving them a competitive advantage in attracting and retaining investment and safeguarding and creating new jobs.



ENSURING ACCESSIBLE BUILDINGS

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



Accessibility is a key consideration for each of our sites. We work with our occupiers, local authorities and transport providers to ensure that our estates have travel plans and can be reached in an environmentally friendly manner.

We now have Green Travel Plans in place at five of our larger estates, compared with three estates in the prior year. These estates in the UK are Slough Trading Estate, IQ Winnersh, Heywood Distribution Park and IQ Farnborough and, in Continental Europe, Vimercate in Italy. We have also implemented initiatives such as the launch of a car-sharing scheme for employees at IQ Winnersh and, wherever possible, we encourage cycling to work by incorporating bike racks into the design of our buildings.

ADVISOR'S STATEMENT

For SEGRO's Sustainability Report 2011, Jones Lang LaSalle has been involved in three main capacities undertaking an assessment of SEGRO'S progress against the 2011 and 2014 targets; providing assistance on compliance with EPRA Sustainability BPRs and other reporting frameworks; and validating data for the performance indicators. Given that Jones Lang LaSalle is SEGRO's long-term advisor, this Statement does not represent independent verification. However, this Statement does provide an external perspective on progress made by SEGRO to improve the quality of its voluntary sustainability reporting and to drive sustainability performance during 2011.

DATA VALIDATION

For the reporting year 2011, Jones Lang LaSalle was responsible for validating and aggregating environmental and socio-economic data. This validation is limited to checking performance trends against historical data and querying data anomalies with SEGRO's staff and suppliers.

COMPLIANCE WITH EPRA SUSTAINABILITY BEST PRACTICE RECOMMENDATIONS

Jones Lang LaSalle has assisted SEGRO in assessing its Sustainability Report 2011 against the EPRA Sustainability Best Practice Recommendations and other investor-led reporting frameworks. SEGRO does not yet consider itself fully compliant with the EPRA Sustainability Best Practice Recommendations but will aim for greater compliance over time, except for those indicators which it deems immaterial to its business.

TARGET ASSESSMENT

Jones Lang LaSalle performed the target assessment on the basis of data submitted by SEGRO employees as evidence of progress against each target and conversations with individual target owners.

For reporting year 2011, SEGRO set itself five annual targets across the two sustainability impact categories of Safety and Customers. Four of the targets (80%) were fully achieved and one of the targets (20%) was not achieved. The target which was not achieved related to a health and safety enforcement notice received during a tenant fit-out, where SEGRO has since undertaken the required actions.

Eleven long-term targets for 2014 have been set for SEGRO's sustainability impact categories of Customers, Resource Efficiency, Communities and Accessibility. This is the second year of target assessment. Currently, two targets (22%) are already fully achieved; six targets (67%) are on track to be achieved; one target (11%) requires significant work to be on track to be achieved, with two targets deemed to no longer be applicable to the SEGRO business.

Notable achievements in 2011 include the following:

- The first LEED Platinum certified building in Italy at Vimercate
- EPC ratings obtained on 33 per cent of the portfolio, enabling SEGRO to use this label to drive efficiency improvements during refurbishment of its assets
- Taking advantage of opportunities for renewable energy generation, in particular by installing photovoltaic panels with the potential to generate 3,455MWh per year
- Significant improvements in the quality, coverage and robustness of energy data in both the UK and Continental Europe, enabling SEGRO to use this data to drive cost savings for its customers in 2012
- 97 per cent of development waste diverted from landfill, representing a significant over-performance of the target of 80 per cent
- £1.7 million of community investment by SEGRO and its staff, an increase of 42 per cent on 2010

The two targets considered not applicable were in relation to operational water performance improvements and total development waste sent to landfill. The consistently low cost of landlord-consumed water on an annual basis is negligible in relation to other operational costs, and therefore SEGRO does not consider this target currently to be material to its business. The second development waste-to-landfill target is no longer considered applicable due to the achievement of 97 per cent diversion for landfill in 2011.

In terms of targets underway or requiring significant further attention in 2012, we would recommend the following actions:

- Defining an action plan for achievement of the 30 per cent energy reduction target, including articulating within the SEGRO business and to suppliers which assets are being targeted for reductions
- Setting a roadmap for customer engagement on sustainability. In particular, we would highlight the need for a Group-wide strategy on the implementation of green leases, eco-efficiency guides and green customer groups in order to ensure resources are optimised and data is collected in a systematic manner
- Rolling out a consistent framework for community and local authority engagement on a Group-wide basis

From our perspective, 2011 was a year of focusing on where sustainability really adds value to SEGRO's business and stakeholders. It was also the year where responsibilities for operational energy data collection were clearly embedded in the business, leading to a demonstrable improvement in the quality of energy data reported on a portfolio-wide basis. We are encouraged that this will enable SEGRO to implement a more proactive approach to driving energy efficiency across selected areas of the portfolio in all regions. Furthermore, the recently announced One SEGRO strategy will enable much more consistent implementation of sustainability initiatives, delivering greater appeal to all stakeholders in an increasingly competitive market place.

SOPHIE WALKER

Director
Upstream Sustainability Services
Jones Lang LaSalle

JONATHAN GIBSON

Senior Consultant
Upstream Sustainability Services
Jones Lang LaSalle



Real value in a changing world

COMPLIANCE TABLE AND METHODOLOGICAL STATEMENT: EPRA SUSTAINABILITY BEST PRACTICE RECOMMENDATIONS; GRI CRESS; CDP; GRESB; DJSI

EPRA SUSTAINABILITY BPRS

SEGRO is a member of the EPRA Sustainability Reporting Committee and has worked with the European publicly listed real estate sector to lay out a set of recommendations for standardised reporting on key environmental impacts across the industry. In the tables below, we report on our performance against these Best Practice Recommendations (BPRs) and overarching recommendations. It is not feasible for SEGRO to achieve full compliance due to the extent to which we hand over full operational control to our customers in our industrial and logistic assets. Like the majority of the industrial and logistic sector, asset environmental performance (i.e. how efficiently we design, build and retrofit our buildings) is a better measure of our impact as a landlord. Nevertheless, we do recognise the importance of reporting on operational environmental performance on an industry-wide basis, and how we report is explained below.

GRI CRESS

We have reviewed our reporting and indicators against the new Global Reporting Initiative Construction and Real Estate Sector Supplement (GRI CRESS). For 2011, SEGRO has aligned many of its indicators with GRI CRESS but does not consider itself fully compliant yet.

CDP; GRESB; DJSI

SEGRO has made significant progress with its reporting against Carbon Disclosure Project (CDP) over the last three years – as recognised with a Carbon Disclosure Leadership Index ranking last year. We are publishing the majority of the data required by CDP, Dow Jones Sustainability Index and Global Real Estate Sustainability Benchmark in our Sustainability Report 2011 where it has been feasible to collect the data by SEGRO's annual reporting deadline.

SEGRO strongly welcomes all efforts by the industry to align indicators in investor submissions in order to minimise additional reporting requirements.

RESOURCE EFFICIENCY: INVESTMENT ACTIVITIES

| EPRA SUSTAINABILITY PERFORMANCE MEASURES | SELF-ASSESSED LEVEL OF COMPLIANCE (%) | OUR APPROACH |
|---|---------------------------------------|---|
| Total energy consumption from electricity (annual kWh) | 100 | EPRA 3.1; GRI EN4 |
| Total energy consumption from district heating & cooling (annual kWh) | 100 | EPRA 3.2; GRI EN4 |
| Total energy consumption from fuels (annual kWh) | 100 | EPRA 3.3; GRI EN3 |
| Building energy intensity | 50 | EPRA 3.4; GRI CRE1 |
| Total direct GHG emissions (annual metric tonnes of CO ₂ e) | 100 | EPRA 3.5; GRI EN16 |
| Total indirect GHG emissions (annual metric tonnes of CO ₂ e) | 100 | EPRA 3.6; GRI EN16 |
| Greenhouse gas intensity from building energy (kg CO ₂ e/ m ² / year or kg CO ₂ e/ person/ year) | 50 | EPRA 3.7; GRI CRE3 |
| Total water withdrawal by source (annual m ³) | 50 | EPRA 3.8; GRI EN8 |
| Building water intensity (litres/person/year or m ³ / m ² / year) | 0 | EPRA 3.9; GRI CRE3 – for SEGRO's property types, building water intensity from landlord-obtained water is not a material indicator. Furthermore, due to the nature of water use in our estates, especially water use for landscaping and in void units during letting visits, useage cannot be tied easily to appropriate denominators (of floor areas of persons). |
| Total weight of waste by disposal route (annual metric tonnes) | 0 | EPRA 3.10; GRI EN22 – waste production is not material for our investment activities. Instead, we report on waste production and recycling rates from our development and construction activities. |
| Proportion of waste by disposal route (% of total by weight) | 0 | EPRA 3.11; GRI EN22 – waste production is not material for our investment activities. Instead we report on waste production and recycling rates from our development and construction activities. |

| RESOURCE EFFICIENCY: INVESTMENT ACTIVITIES | | |
|--|---------------------------------------|--|
| EPRA OVERARCHING PRINCIPLES | SELF-ASSESSED LEVEL OF COMPLIANCE (%) | OUR APPROACH |
| Organisational boundaries | 100 | We currently report using the operational control approach. This includes SEGRO's assets, as well as joint ventures where SEGRO manages the operation of the asset. |
| Landlord and tenant consumption arrangements | 100 | <p>The reported consumption is for SEGRO – obtained (purchased) energy and water for use in the asset, including where costs are passed on to customers through service charges. This includes energy and water consumption which is sub-metered to the customer.</p> <p>Due to the fact that all consumption across the UK portfolio is collected from supplier invoices, it is not possible to gather sub-metered consumption currently.</p> <p>Due to differences in service charge arrangements in a number of Continental European countries, the consumption sub-metered to customers has been recorded and itemised separately.</p> <p>ELECTRICITY:</p> <ul style="list-style-type: none"> – Scope 2 for the landlord (SEGRO) – consumption that includes landlord areas consumption or a mix of landlord and tenant units. This also includes external common areas. – Scope 3 for the landlord – consumption that is on meters that are exclusively serving customer units. <p>NATURAL GAS:</p> <ul style="list-style-type: none"> – Scope 1 for the landlord (SEGRO) – consumption that includes landlord areas consumption or a mix of landlord and customer units – Scope 3 for the landlord – consumption that is on meters that are exclusively serving customer units <p>WATER:</p> <ul style="list-style-type: none"> – This includes landlord areas consumption or a mix of landlord and tenant units. This also includes external common areas. |
| Intensity Normalisation | 50 | <p>Industry guidance has been established for intensity metrics for certain property types (e.g. shopping centres, prime offices). Since 2009 SEGRO has put substantial effort into establishing suitable metrics for its own asset types. Therefore we have made changes to our intensity metrics in 2011 in order to align with SEGRO's revised property types (industrial, logistics warehouses and offices and other business space) and increasing discussion, particularly within the logistics industry, about how operational energy and water should be reported. We have taken the following decisions for 2011:</p> <p>LOGISTICS WAREHOUSES:</p> <ul style="list-style-type: none"> – We are not calculating intensity metrics for this property type due to the difficulties associated with matching numerators and denominators – in particular due to the frequency of units becoming occupied and vacated and the lack of clarity of areas served by individual fiscal and sub-meters. – We are not producing a like-for-like analysis this year but will investigate this form of normalisation in 2012. <p>INDUSTRIAL:</p> <ul style="list-style-type: none"> – We are not calculating intensity metrics for this property type due to the difficulties associated with matching numerators and denominators – in particular due to the frequency of units becoming occupied and vacated and the lack of clarity of areas served by individual fiscal and sub-meters. – We are not producing a like-for-like analysis this year but will investigate this form of normalisation in 2012. <p>OFFICES AND OTHER BUSINESS SPACE:</p> <ul style="list-style-type: none"> – We are producing intensity metrics where we have a full year of consumption and full knowledge that the consumption is serving the given floor area. – However, we are not producing a like-for-like analysis this year but will investigate this form of normalisation in 2012. |
| Year-on-year like-for-like comparison | 0 | <p>EXTERNAL COMMON AREAS:</p> <ul style="list-style-type: none"> – The EPRA Guidance states that, for properties where the landlord only buys electricity for the purposes of external/street lighting, companies should not use internal building area for the purposes of energy intensity Sustainability Performance Measures. Rather, they should normalise the consumption by either number of car park spaces, or m² area covering external areas (if available). However, this information was not available and therefore we are not producing intensity metrics or like-for-like comparisons. <p>SEGRO OCCUPIED OFFICES:</p> <ul style="list-style-type: none"> – We are producing intensity metrics for 234 Bath Road, our Head Office, but not producing a like-for-like analysis. We will investigate this form of normalisation in 2012. |
| Segmental analysis | 100 | Analysis (for energy consumption) has been according to the three property types now used by SEGRO in its financial reporting – logistics warehouses, industrial and offices and other business space. We have also included two further categories of consumption – external common areas and SEGRO-occupied offices. |
| Narrative on performance | 50 | Our focus in 2011 has been to ensure increased confidence in the data coverage and robustness. Therefore, we are not in a position yet to explain trend performance across all asset types in the portfolio. |
| Location of EPRA Sustainability Performance Measures | 100 | EPRA measures are included in our Sustainability Report 2011. We support the move towards integrated reporting and have set ourselves a trajectory to align our reporting to the EPRA Sustainability Best Practice Recommendations in both the Annual Report and Accounts and Sustainability Report in future years. |

ADDITIONAL METHODOLOGICAL COMMENTARY

| Accuracy and completeness of data | <p>SEGRO considers that it is reporting on the majority of assets for which it purchases energy. Due to the frequency of units moving from void to occupied, and vice versa, over the course of a calendar year, it remains challenging for us to confirm that the 2011 data represents 100% of consumption with absolute certainty.</p> <p>In 2011 in the UK, the majority of data comes from invoice readings with actual meter readings used for validation purposes. In 2011 in Continental Europe, the data comes from both invoices and actual meter readings.</p> <p>Due to the decision to split the data analysis by the revised SEGRO property types, we have only undertaken retrospective analysis for 2010. For this reason we are not publishing 2009 data aligned to the new property types. As an overarching observation, our data coverage has increased significantly since 2009 and therefore absolute carbon footprint figures should not be read as representing an increase in real environmental impact. This decision is also likely to lead us to reset the baseline for our long-term energy target to 2010 rather than 2009.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Historical data restatements | <p>Restatements have been made to 2010 energy data based on trend analysis of the 2010 and 2011 data and significantly greater clarity about consumption units for natural gas (last year an assumption was made that gas consumption was being recorded in cubic metres across the majority of the portfolio; further investigation this year has revealed that in fact a proportion of that consumption was in kWh).</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Estimations | <p>Due to the annual reporting deadlines and supplier processing, it is necessary to estimate November and December 2011 energy consumption in 2% of the entire consumption for the UK and 0% for Continental Europe.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Emissions factors | <table border="1"> <thead> <tr> <th data-bbox="360 716 919 739">Region</th> <th data-bbox="919 716 1062 739">Emissions Factor</th> <th data-bbox="1062 716 1126 739">Fuel</th> <th data-bbox="1126 716 1481 739">DEFRA Ref</th> </tr> </thead> <tbody> <tr> <td data-bbox="360 739 919 761">Universally-applied emissions factor</td> <td data-bbox="919 739 1062 761">0.18360</td> <td data-bbox="1062 739 1126 761">Natural Gas</td> <td data-bbox="1126 739 1481 761">Table 1c</td> </tr> <tr> <td data-bbox="360 761 919 784">Universally-applied emissions factor</td> <td data-bbox="919 761 1062 784">0.14533</td> <td data-bbox="1062 761 1126 784">Steam</td> <td data-bbox="1126 761 1481 784">Defra</td> </tr> <tr> <td data-bbox="360 784 919 806">UK</td> <td data-bbox="919 784 1062 806">0.52462</td> <td data-bbox="1062 784 1126 806">Electricity Grid</td> <td data-bbox="1126 784 1481 806">Table 3c</td> </tr> <tr> <td data-bbox="360 806 919 828">Belgium</td> <td data-bbox="919 806 1062 828">0.27603</td> <td data-bbox="1062 806 1126 828">Electricity Grid</td> <td data-bbox="1126 806 1481 828">Table 10c</td> </tr> <tr> <td data-bbox="360 828 919 851">Czech Republic</td> <td data-bbox="919 828 1062 851">0.59962</td> <td data-bbox="1062 828 1126 851">Electricity Grid</td> <td data-bbox="1126 828 1481 851">Table 10c</td> </tr> <tr> <td data-bbox="360 851 919 873">France</td> <td data-bbox="919 851 1062 873">0.09212</td> <td data-bbox="1062 851 1126 873">Electricity Grid</td> <td data-bbox="1126 851 1481 873">Table 10c</td> </tr> <tr> <td data-bbox="360 873 919 896">Germany</td> <td data-bbox="919 873 1062 896">0.45843</td> <td data-bbox="1062 873 1126 896">Electricity Grid</td> <td data-bbox="1126 873 1481 896">Table 10c</td> </tr> <tr> <td data-bbox="360 896 919 918">Italy</td> <td data-bbox="919 896 1062 918">0.43191</td> <td data-bbox="1062 896 1126 918">Electricity Grid</td> <td data-bbox="1126 896 1481 918">Table 10c</td> </tr> <tr> <td data-bbox="360 918 919 940">The Netherlands</td> <td data-bbox="919 918 1062 940">0.42332</td> <td data-bbox="1062 918 1126 940">Electricity Grid</td> <td data-bbox="1126 918 1481 940">Table 10c</td> </tr> <tr> <td data-bbox="360 940 919 963">Poland</td> <td data-bbox="919 940 1062 963">0.70644</td> <td data-bbox="1062 940 1126 963">Electricity Grid</td> <td data-bbox="1126 940 1481 963">Table 10c</td> </tr> </tbody> </table> | Region | Emissions Factor | Fuel | DEFRA Ref | Universally-applied emissions factor | 0.18360 | Natural Gas | Table 1c | Universally-applied emissions factor | 0.14533 | Steam | Defra | UK | 0.52462 | Electricity Grid | Table 3c | Belgium | 0.27603 | Electricity Grid | Table 10c | Czech Republic | 0.59962 | Electricity Grid | Table 10c | France | 0.09212 | Electricity Grid | Table 10c | Germany | 0.45843 | Electricity Grid | Table 10c | Italy | 0.43191 | Electricity Grid | Table 10c | The Netherlands | 0.42332 | Electricity Grid | Table 10c | Poland | 0.70644 | Electricity Grid | Table 10c |
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| UK | 0.52462 | Electricity Grid | Table 3c | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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ALL OTHER IMPACT AREAS

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| Completeness and accuracy of reporting | <p>The report was developed taking into account SEGRO's impacts throughout its supply chain and across all of its corporate, operational management and development activities in the UK and Continental Europe (Belgium, Czech Republic, France, Germany, Italy, the Netherlands and Poland).</p> <p>Data comes from a number of different sources within SEGRO, as laid out in the Governance section. Over the last three years, SEGRO has gradually put in place the processes to enable sustainability reporting at a Group-wide level; however, there remain challenges in taking a consistent approach to both data collection and implementation across all countries of operation. Where relevant, we highlight these challenges in the data qualifying notes and commentary which accompany each indicator.</p> |
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