PRESS RELEASE

SEGRO
SLOUGH ESTATES GROUP

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WHERE BUSINESS WORKS

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR TO 31 DECEMBER 2007

SEGRO, the leading European provider of flexible business space, announces its Preliminary Results for the year ended 31 December 2007.

Highlights

- Strong underlying profit performance - adjusted profit before tax increased by 7.7 per cent to £153.7m (2006: £142.7m), comprising profit from both continuing operations (£131.3m) plus discontinued operations (£22.4m). Profit before tax reported under IFRS was £242.9m (2006: £690.1m).

- Adjusted diluted NAV per share was down 9.2 per cent at 704p (down 13.2 per cent since June 2007), NAV per share was down 3.9 per cent at 690p. These reflected property valuation reductions including a 9.5% market-driven year on year UK deficit, positively countered by a surplus of 6.2% in Continental Europe. H1 2007 property gains of 3.1 per cent (UK: 2.1 per cent; Continental Europe: 9.1 per cent) were offset by a second half deficit of 9.1 per cent (UK: 11.3 per cent; Continental Europe 0.2 per cent gain)

- Very strong lettings achieved in the UK with a record 298,000 sq m of space let (up 62 per cent) and overall vacancy reduced from 11.6 per cent to 10.8 per cent (8.5 per cent underlying).

- Excellent progress in Continental Europe with £425m (€621m) of attractive acquisitions and development expenditure of £112m (€164m). Very good letting figures of 298,000 sq m (up 76 per cent) and a vacancy rate of 5.9 per cent at year end (down from 8.7 per cent).

- Successful and well-timed exit from the USA realising a pre-tax gain on sale of £437m and enabling the payment of a £250m special dividend (53 pence per share) in August 2007.

- Adjusted diluted earnings per share up 28.3 per cent at 32.2p (2006: 25.1p) with a basic unadjusted loss per share of 16.4p (2006: 201.8p earnings per share).

- Final dividend per share of 14.7p, making a total dividend of 23p per share, up 21 per cent over 2006 and assisted by the Group’s REIT conversion on 1 January 2007.

- Strong balance sheet and resilient business model with a year end adjusted debt to equity ratio of 56 per cent, a loan to value ratio of 34 per cent, average debt maturity of 10.5 years and available funds of £1.1bn.

Ian Coull, Chief Executive commented:
“*2007 was a transformational year for SEGRO, in which we became a UK REIT, achieved critical mass in Continental Europe, delivered a timely and well executed disposal of our US business and divested the power station in Slough. We produced excellent profits, underpinned by our customer focus and our core skills in asset management and development.*

Looking forward, we expect the continuing weakness in the credit and real estate investment markets to maintain downward pressure on UK commercial property values during the first half of the year. However, occupier demand across all our key markets continues to hold up well and, with a strong balance sheet - £1.1 billion of available facilities - a focused business model and a broad diversity of customers, SEGRO is well placed to take advantage of the opportunities and to face the challenges that lie ahead”.

SUMMARY FINANCIAL STATEMENT TABLES

INCOME STATEMENT		
Continuing Operations	**2007**	**2006**
Net rental income[1] (£m)	204.8	188.8
Property (losses)/gains (£m)	(382.2)	397.5
(Loss)/profit before taxation (£m)	(246.5)	505.5
Adjusted profit before taxation[2] (£m)	131.3	99.6
Underlying tax rate[4] (%)	1.4	14.0
Continuing and Discontinued Operations		
Profit before taxation (£m)	242.9	690.1
Adjusted profit before taxation[2] (£m)	153.7	142.7
Basic (loss)/earnings per share (p)	(16.4)	201.8
Adjusted diluted earnings per share[3] (p)	32.2	25.1
Total dividend for the year (p)	23.0	19.0
Total return[9] (%)	0.7	19.2

BALANCE SHEET	31 December 2007	31 December 2006
Total properties, including share of Joint Ventures (£m)	5,182.6	6,079.8
Net assets excluding minority interests (£m)	2,989.0	3,372.7
Adjusted net assets[5] (£m)	3,056.0	3,648.8
Net assets per share (p)	690	718
Adjusted diluted net assets per share[6] (p)	704	775
Net debt (£m)	1,701.1	2,223.4
Debt to equity[7] (%)	55.7	60.9
Loan to value[8] (%)	34.0	38.0

1. Including rental income on trading properties.
2. Profit before tax adjusted for EPRA and exceptional items.
3. Earnings per share based on adjusted profit before tax and reflecting the dilutive effects shares held by the ESOP trust.
4. Tax charge, excluding deferred tax on valuation movements, as a percentage of adjusted profit before tax.
5. Shareholders' funds adjusted to add back deferred tax associated with investment properties.
6. NAV per share adjusted to add back deferred tax associated with investment and development properties and to reflect the dilution caused by shares held in the ESOP.
7. Net debt as a percentage of net assets adjusted to add back deferred tax associated with investment and development properties.
8. Net debt as a percentage of the total property portfolio excluding joint ventures.
9. Adjusted NAV growth plus dividends paid in the period and after adding back the SIIC conversion charge of £13.9 million (2006 restated to add back the REIT conversion charge of £81.9 million).

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About SEGRO SEGRO is the leading provider of Flexible Business Space in Europe. Headquartered in the UK, SEGRO is listed on the London Stock Exchange and on Euronext in Paris. The company is a UK Real Estate Investment Trust ("REIT") with operations in ten countries (it completed the exit from its US business in August 2007), serving a diversified customer base of over 1,600 customers operating in a wide range of sectors, representing both small and large businesses, from start ups to global corporations. With property assets of £5.2 billion (including trading properties and development assets) and around 4.7. million sq m of business space, SEGRO has an annual rental income in excess of £249 million. www.segro.com

SUMMARY DATA TABLES: THE INVESTMENT PORTFOLIO - COMPLETED INVESTMENT PROPERTIES

	Rental Data*						Vacancy Rate by Space	Valuation Data*					
	Lettable space at 31.12.07	% of (sq m) Total	Passing rent at 31.12.07	Market rental value (ERV) at 31.12.07	Gross rental income for 2007	Net rental income for 2007		Valuation 31.12.07	Valuation % of total	Valuation surplus/ (deficit)	Valuation surplus/ (deficit)	Initial Yield	Equivalent yield
	(000's sq m)		(£m)	(£m)	(£m)	(£m)	%	(£m)		(£m)	%	%	%
UK - by asset type													
Industrial	2,330.6	56.3	146.8	180.0	167.8	133.8	10.7	2,666.4	60.7	(292.3)	(9.9)	5.5	6.1
Offices	193.2	4.7	26.2	36.5	32.4	22.0	12.3	561.7	12.8	(48.1)	(7.9)	4.7	6.2
Retail	55.2	1.3	11.8	13.4	12.2	10.4	0.1	227.5	5.2	(21.4)	(8.6)	5.2	5.5
Total UK	2,579.0	62.3	184.8	229.9	212.4	166.2	10.8	3,455.6	78.7	(361.8)	(9.5)	5.3	6.1
Continental Europe - by asset type													
Industrial	1,450.1	35.0	53.2	62.5	32.0	26.3	5.1	747.8	17.1	38.5	5.4	7.0	
Offices	85.4	2.1	9.8	12.1	9.3	7.6	20.1	163.7	3.7	13.8	9.2	6.0	
Retail	23.0	0.6	1.7	1.9	1.4	1.1	0.0	21.0	0.5	2.0	10.5	8.1	
Total Continental Europe	1,558.5	37.7	64.7	76.5	42.7	35.0	5.9	932.5	21.3	54.3	6.2	6.9	7.0
Continental Europe - by country													
France	473.5	11.4	19.8	18.9	13.4	11.4	3.9	284.0	6.5	14.5	5.4	7.0	7.1
Germany	530.1	12.8	17.0	23.5	10.0	8.0	3.5	220.2	5.0	8.3	3.9	6.7	7.5
Belgium	166.4	4.0	13.3	17.8	12.4	10.0	19.0	209.9	4.8	11.4	5.7	6.3	6.7
Netherlands	88.0	2.1	3.9	4.2	2.0	1.6	1.0	50.6	1.2	0.4	0.8	7.7	6.9
Italy	68.4	1.7	4.9	4.9	1.8	1.6	0.0	67.8	1.5	0.0	0.0	7.2	6.3
Spain	2.0	0.0	0.1	0.1	0.0	0.0	0.0	1.1	0.0	0.0	0.0	8.2	6.5
Central Europe	230.1	5.6	5.7	7.1	3.1	2.4	9.9	98.9	2.3	19.7	24.9	5.8	6.9
Total	1,558.5	37.7	64.7	76.5	42.7	35.0	5.9	932.5	21.3	54.3	6.2	6.9	7.0
Industrial	3,780.7	91.4	200.0	242.5	199.8	159.8	8.6	3,414.2	77.8	(253.8)	(6.9)	5.8	
Offices	278.6	6.7	36.0	48.6	41.7	29.8	14.7	725.4	16.5	(34.3)	(4.5)	5.0	
Retail	78.2	1.9	13.5	15.3	13.6	11.6	0.1	248.5	5.7	(19.4)	(7.2)	5.4	
Group Total	**4,137.5**	**100.0**	**249.5**	**306.4**	**255.1**	**201.2**	**8.9**	**4,388.1**[1]	**100.0**	**(307.5)**	**(6.5)**	**5.7**	**6.3**

* Including the Group's share of joint ventures' properties. Excluding land held for investment and properties in the course of construction.

1. A reconciliation to total properties as per the balance sheet is included within note 6 of the attached financial statements.

REVERSIONARY POTENTIAL AS AT 31 DECEMBER 2007

	Passing rent subject to rent review in 2008 (£m)	2009 (£m)	2010 (£m)	Reversion to ERV on Occupied properties (£m)	ERV of vacant properties (£m)
UK					
- Industrial	21.5	19.0	26.1	3.0	21.3
- Offices	2.6	3.2	4.4	(0.8)	4.2
- Retail	4.6	0.1	0.5	1.3	-
Continental Europe	-	-	-	6.0	5.8
Total	**28.7**	**22.3**	**31.0**	**9.5**	**31.3**

LETTINGS ANALYSIS

	Area 000's sq m				Rent[1] pa (£m)	
	Lettings		Space Returned		Lettings	Space Returned
	2007	2006	2007	2006	2007	2007
UK - Lettings of new developments	88	38				
UK - Existing vacant	148	129				
UK- Licenses	62	17				
Total UK	**298**	**184**	**217**	**169**	**25.5**	**14.7**
Continental Europe	**298**	**169**	**69**	**86**	**9.9**	**3.2**
Total Group	**596**	**353**	**286**	**255**	**35.4**	**17.9**

(1) Annualised rent, after the expiry of any rent free periods.

VACANCY ANALYSIS

	31 December 2007 (%)	31 December 2006 (%)
UK	10.8	11.6
Continental Europe	5.9	8.7
Group Total	**8.9**	**10.9**
Analysis of Underlying UK Vacancy		
Recent acquisitions (less than 18 months)	0.0	2.5
Completed development sites (less than 18 months)	2.3	1.1
Underlying UK vacancy	8.5	8.0
Total UK	**10.8**	**11.6**

LEASE EXPIRIES & CUSTOMERS

Investment properties only		Average lease length to:		Passing rent (at 31.12.07) of leases which expire in:			Passing rent subject to breaks:		
	Number of customers	Break (Years)	Expiry (Years)	2008 (£m)	2009 (£m)	2010 (£m)	2008 (£m)	2009 (£m)	2010 (£m)
UK									
- Industrial/Warehousing	1,251	6.1	8.5	7.7	10.5	10.7	11.1	11.1	8.3
- Offices	122	5.7	8.7	0.4	0.8	0.4	2.9	0.8	1.9
- Retail	96	9.1	9.2	-	-	-	0.1	-	-
Total UK	**1,469**	**6.3**	**8.6**	**8.1**	**11.3**	**11.1**	**14.1**	**11.9**	**10.2**
Continental Europe	**205**	**5.9**	**8.4**	**6.3**	**1.6**	**1.8**	**2.6**	**5.9**	**5.2**
Group Total	**1,674**	**6.4**	**8.6**	**14.4**	**12.9**	**12.9**	**16.7**	**17.8**	**15.4**

DEVELOPMENT PIPELINE SUMMARY*

Group Total		Construction in progress	Potential starts in 2008	Potential starts in 2009	Potential starts 2010 & beyond	Total Programme
Land area	ha	59	126	123	226	534
Space:						
Logistics warehousing	000's sq m	147	285	296	564	1,292
Other industrial	000's sq m	100	127	172	286	685
Offices	000's sq m	58	52	79	316	505
Retail	000's sq m	2	2	4	-	8
Total	000's sq m	307	466	551	1,166	2,490
Investment properties	%	72	73	72	68	72
Trading properties	%	28	27	19	32	28
Pre-Let	%	37	11	-	-	7
Planning status						
- fully approved	%	100	26	16	7	24
- zoned/outline approval	%	-	58	72	75	62
Rental value when completed	£m	23	31	39	99	192
Current valuation	£m	166	115	130	251	662
Forecast future costs to completion	£m	135	308	352	896	1,691
UK						
Land area	ha	11	50	24	65	150
Space:						
Logistics warehousing	000's sq m	0	14	28	10	52
Other industrial	000's sq m	41	55	54	158	308
Offices	000's sq m	11	42	24	174	251
Retail	000's sq m	2	2	4	-	8
Total	000's sq m	54	113	110	342	619
Investment properties	%	95	100	100	100	100
Trading properties	%	5	-	-	-	-
Pre-Let	%	64	26	-	-	10
Planning status						
- fully approved	%	100	53	14	17	30
- zoned/outline approval	%	-	15	58	62	48
Rental value when completed	£m	8	17	16	54	95
Current valuation	£m	65	78	73	168	384
Forecast future costs to completion	£m	53	182	140	460	835
Continental Europe						
Land area	ha	48	76	99	161	384
Space:						
Logistics warehousing	000's sq m	147	271	268	554	1,240
Other industrial	000's sq m	59	72	118	128	377
Offices	000's sq m	47	10	55	142	254
Retail	000's sq m	-	-	-	-	-
Total	000's sq m	253	353	441	824	1,871
Investment properties	%	67	64	76	55	63
Trading properties	%	33	36	24	45	37
Pre-Let	%	31	7	-	-	6
Planning status						
- fully approved	%	100	17	17	4	22
- zoned/outline approval	%	0	72	75	80	67
Rental value when completed	£m	15	14	23	45	97
Current valuation	£m	101	37	57	83	278
Forecast future costs to completion	£m	82	126	212	436	856

* Including the Group's share of joint ventures' properties

Further details of the investment portfolio and the development pipeline will be published on the Investors Relations section of our website http://www.segro.com. All amounts are indicative only and are liable to change. Certain properties included above are currently income producing and are expected to be redeveloped; such properties have a current book value of £119 million and produce current rental income of approximately £8 million per annum.

OPERATING REVIEW

Overview of 2007

2007 was a transformational year for SEGRO, in which we became a UK REIT, achieved critical mass in Continental Europe, delivered a timely and well executed disposal of our US business and divested the power station in Slough. The US sale enabled us to return £250 million to shareholders in the form of a special dividend (accompanied by a share consolidation), and provided funds to finance the Group's future growth and development. Once again we have produced excellent profits underpinned by our customer focus and our core skills in asset management and development.

Adjusted profit before tax increased by 7.7 per cent to £153.7 million (2006: £142.7 million) comprising profit from both continuing operations (£131.3 million) plus discontinued operations (£22.4 million). This increase was driven by a strong contribution from acquisitions, rental income from the letting of existing properties and new developments, trading property disposal profits and from other income. The positive impact of REIT and SIIC status were the main drivers of the reduction in our effective tax rate from 14.0 per cent in 2006 to 1.4 per cent in 2007.

We have made excellent progress in the growth of our Continental European business with £425.2 million (€620.8 million) of attractive acquisitions (at an average initial yield of approximately 7 per cent) and with development expenditure of £112.4 million (€164.1 million). Our acquisitions enabled us to establish a presence in new markets, such as Lyon and Milan and strengthen our position in existing markets, such as Frankfurt, or with key customers (eg DHL). All of these acquisitions offer opportunities to enhance the initial yield through further development or asset management. Good occupier demand for our existing buildings and for newly completed developments enabled us to achieve very strong letting figures of 298,000 sq m (up 76 per cent on 2006) on the Continent. In addition, 104,000 sq m of the current construction in progress and potential 2008 development starts are already pre-let. The vacancy rate of 5.9 per cent at year end is down significantly on the 8.7 per cent reported last year end.

Very strong lettings were also achieved in the UK with a record 298,000 sq m of space taken up by customers, some 62 per cent ahead of the level achieved in 2006 and helped by the delivery and take up of a number of well timed and located development completions. £7.9 million of additional annualised income from developments came on stream during 2007. Overall UK vacancy reduced from 11.6 per cent to 10.8 per cent (8.5 per cent underlying) by 31 December 2007 with good levels of customer enquiries continuing into the New Year. We made only a few, very carefully selected acquisitions in the UK in 2007, focusing on exceptional opportunities to complement existing holdings in key locations. Meanwhile, we generated some £232.8 million from the sale of UK properties (including trading properties), mostly in the first half of the year before investment market conditions deteriorated. As a result of our asset management, development and capital recycling in the UK, we have grown the UK rental income for the year by 3.8 per cent (excluding lease surrender premiums) and the average ERV of our investment portfolio increased by 6.0 per cent to £89.1 per sq m (£8.30 per sq ft). UK average rental growth from lettings and rent reviews was relatively subdued, showing a 1.4 per cent increase over December 2006 ERV, slightly above the 1.2 per cent level in the equivalent IPD indicator for industrial rents; within this, we achieved 3 per cent average growth from rent reviews.

NAV per share was 690 pence, down 3.9 per cent from last year end and adjusted diluted NAV per share (which adds back deferred tax on investment properties) was down 9.2 per cent (13.2 per cent since June 2007) at 704 pence. These declines reflect the well documented reduction in commercial property valuations affecting all sectors of the UK market in the second half of 2007. The IPD All Property Index showed a capital reduction of 11.7 per cent between June and December 2007, whilst Industrial recorded a 10.8 per cent reduction. Our UK investment portfolio showed an 11.3 per cent valuation reduction since June, with Continental Europe recording a 0.2 per cent positive movement in the same period.

Management changes

A number of management changes were made in 2007 which will ensure SEGRO is well placed for the years ahead. After three years leading the rapid and successful expansion of our Continental European business, Walter Hens is now using his proven deal-making skills to head up a newly created Group Business Development function. This function will be responsible for driving our relationships with major cross-border customers, particularly focusing on the 'big box' logistics market and on data centres.

We appointed Inès Reinmann to become head of our Continental European business from January 2008. Inès' initial priorities will include reinforcing SEGRO's processes to most effectively manage our burgeoning European business and to provide a strong platform for future growth.

In the UK we have re-structured into three geographically-organised business units - the Slough Trading Estate, London Markets and National Markets. This structure is an evolution of the successful move to a regional structure which started over two years ago. As previously announced, John Heawood, Executive Director, UK Property, will be leaving the business in the summer of 2008. John has played an important role in developing the UK portfolio over a number of years and we wish him well for the future; a search for his replacement is well under way.

Development

SEGRO is a development-led property investment company and our development pipeline is a key driver of future growth. The Group has an extremely well located land bank of approximately 534 hectares, with the potential to develop almost 2.5 million sq m of buildings over several years. At today's prices, this would entail future development expenditure of approximately £1.7 billion and could produce annual rents in the region of £184 million (net of rents which will be given up on currently income producing buildings to be redeveloped), giving an estimated cash yield of 11 per cent on future expenditure (including financing costs) or 8 per cent taking into account the current book value of the land bank (£662 million).

During 2007, 343,651 sq m of development space was completed, of which 252,206 sq m or 73 per cent had either been sold or let by the year end. This level of success, combined with our excellent lettings in 2007 and the pre-lets already secured, gives us particular confidence in the current development programme. 306,679 sq m of development was under construction at the end of 2007, of which 113,686 sq m had either been let or sold. At this stage of the year, a further 465,529 sq m of development has been provisionally scheduled to start construction in 2008 and this will be adapted as the year progresses to ensure that we are developing in line with market demand and that the consequential financial returns are likely to meet our requirements.

Identifying and acquiring attractive sites in good locations, managing the planning process, developing the right products to coincide with likely customer demand and letting the space are our core competencies. A pre-requisite for any development proposal approval is a robust business case, clearly demonstrating that acceptable risk-adjusted returns will be delivered.

Based on current expectations and anticipated market conditions, we expect most of the current development pipeline to take approximately 5 years to deliver.

Outlook

Our priorities for 2008 are to:

- continue to work with our customers to meet their needs for business space and deliver strong letting figures, building on our long term customer relationships and leveraging this through our newly established Group Business Development function
- maintain momentum in our development programme, particularly in Central Europe, but to 'de-risk' it in other geographies potentially more vulnerable to an economic downturn, by carefully managing the level of speculative development
- preserve the Group's balance sheet strength so as to position the Group to take advantage of attractive acquisition and investment opportunities which may emerge over the coming months
- continue building our Continental European platform, mainly through development, and to study potential new markets – building in particular on our successes with logistics occupiers
- 'recycle' capital by selling mature properties when investment market conditions allow
- deliver new systems to improve operating efficiency and to drive future growth

Whilst concerns remain about a potential slow down in the global economy, our occupier demand across all of our key markets is currently holding up well. We are staying close to our customers and watching developments carefully so that appropriate action can be taken swiftly if conditions start to weaken. SEGRO has a strong balance sheet and resilient business model - the year-end debt to equity ratio of 56 per cent, loan to value ratio of 34 per cent and available funds of £1.1 billion (with no significant debt maturities before mid 2010), mean we have significant financial resources at our disposal. We serve a broad diversity of customers and industries and have relatively long average remaining lease lengths. These factors, combined with the flexibility we have to adjust the pace of speculative development relatively quickly, mean that SEGRO is well placed to face any challenges the market may present and to capitalise on suitable opportunities that may lie ahead.

FINANCIAL REVIEW

Analysis of movement in net asset value

	£m	Pence per share
Adjusted diluted equity attributable to shareholders at 31 December 2006	**3,648.8**	**774.9**
Property losses	(342.8)	(79.0)
Profit after tax on sale of US business	134.9	31.1
Deferred tax adjustment on sale of US business	(213.4)	(49.2)
Profit after tax on sale of Utilities business	7.7	1.8
Adjusted profit after tax	147.6	34.0
SIIC conversion charge	(13.9)	(3.2)
Currency translation differences	17.7	4.1
Ordinary dividends paid	(91.9)	(21.2)
Special dividend paid	(250.0)	(57.6)
Other items	11.3	2.6
Dilution adjustment for movement in number of shares	-	66.0
Adjusted diluted equity attributable to shareholders at 31 December 2007	**3,056.0**	**704.3**

The most significant factor affecting the NAV movement and total return for the year was the property losses of £342.8 million (79.0 pence per share), which followed the well publicised valuation reductions seen across the UK property industry. Whilst being a very significant item, it should be placed in the wider market context of falling UK commercial property values across all sectors and the £1.3 billion in aggregate valuation gains which the Group recorded in the previous three years (including US properties).

The property valuation losses in the income statement comprised valuation losses of £442.1 million relating to the UK and gains of £56.9 million relating to Continental Europe and included deficits of £337.6 million arising on investment properties and £47.6 million arising on development and owner-occupied property.

Valuation gains were 3.1 per cent for the Group in the first half of the year, offset by a fall of 9.1 per cent in the second half of the year.

Good valuation gains were achieved in the first half of the year in Central Europe (in Poland), France and Belgium, driven mainly by development activity and some yield compression, with valuation gains of 9.1 per cent being reported overall. In the second half of the year, there was a slight softening in valuation yields but development gains enabled us to maintain the portfolio valuation with a 0.2 per cent surplus being reported in Continental Europe.

The UK has experienced significant valuation deficits in the year, which are broadly in line with the monthly IPD UK industrial capital deficit of 9.6 per cent for the year (2006: 11.0 per cent growth). Valuation gains of 2.1 per cent in the first half were offset by deficits of 11.3 per cent in H2. Further analysis of the valuation gains and losses is provided in the portfolio table on page 3.

For the first time in 2007 the Group had all its trading properties externally valued as of 31 December 2007. The trading property portfolio had an unrecognised valuation surplus of £74.3 million at 31 December 2007, which we expect to realise as developments are completed and sold. An impairment charge of £2.3 million (2006: nil) relating to 100 per cent owned trading properties is offset against the profit on sale of trading properties and the remaining impairment provision of £1.6 million is reflected in the share of profits from joint ventures after tax.

Adjusted profit before tax

Analysis of increase in adjusted profit before tax	£m
Adjusted profit before tax from continuing and discontinued operations – 2006	**142.7**
Decrease in profit before tax from discontinued operations	(20.7)
Increase in net rental income	15.1
Increased profits from sales of trading properties	16.1
Interest earned/saved on US proceeds net of special dividend	13.7
Reduction in capitalised interest	(9.3)
Increase in other finance costs	(3.3)
Increased administration expenses	(9.0)
Other changes (mainly in other income)	8.4
Adjusted profit before tax from continuing and discontinued operations – 2007	**153.7**

Adjusted profit before tax of £153.7 million (2006: £142.7 million) comprised £131.3 million (2006: £99.6 million) from continuing operations and £22.4 million (2006: £43.1 million) from the discontinued operations of Slough Estates USA and Slough Heat and Power.

Adjusted profit before tax from continuing operations increased by 31.8 per cent partly due to increased net rental income of 8.0 per cent and the benefit of interest earned on the net US sales proceeds. In addition, an increase in profits on sale of trading properties of £16.1 million to £22.0 million (2006: £5.9 million) also contributed, with the gains mainly arising on the sale of Farnborough residential land (£9.7 million), a fire control centre at Cambridge Science Park (£3.5 million), non-core buildings in the Karstadt portfolio in Germany (£3.7 million), a surplus land holding in the Netherlands (£2.3 million) and other UK and Continental European property (£2.7 million and £2.4 million, respectively), partly offset by provisions against impairment of trading properties of £2.3 million.

During the year other investment income increased significantly by £9.9 million to £18.4 million, as a result of realisations of previous investments by the Candover and Charterhouse USA venture capital investment funds, in which the Group invested some years ago. These gains were partly offset by an increase in administration expenses of £9.0 million to £34.5 million (2006: £25.5 million), of which £6.8 million relates to the Continental European business as we continue to expand the scale of operations, with new offices and additional employees. The cost of share based incentives payable to directors and other senior executives represented an increase of £1.7 million.

Adjusted profit and earnings per share are stated after adjusting for valuation gains/losses and similar items recommended by EPRA and exceptional items. The only other adjustments in the year were the SIIC conversion charge of £13.9 million, included within continuing operations, a repayment penalty of £9.7 million after tax in discontinued operations related to the early redemption of US debt incurred as part of the disposal and negative goodwill of £0.9 million credited to the income statement (2006: none). Full details of all the EPRA and exceptional adjustments are provided in note 5 to the attached financial statements.

Rental Income

Gross rental income, excluding discontinued operations, increased by £30.2 million (13.2 per cent) to £258.8 million and net rental income, on the same basis, increased by 8.0 per cent to £203.9 million.

The key drivers of the increase in net rental income are set out in the table below:

	£m
Net rental income from continuing operations 2006	**188.8**
Acquisitions	19.3
Disposals	(11.8)
New developments	11.5
Re-lettings and rent reviews	9.3
Space returned	(9.9)
Increase in property operating expenses	(11.8)
Lease surrender premiums	6.4
Other	2.1
Net rental income from continuing operations 2007	**203.9**

Acquisition related growth arose from transactions in both 2006 and 2007 and, in particular, Vimercate, Italy (£1.8 million), Neckermann.de, Germany (£2.2 million), Longbow, France (£0.8 million) and Treforest (£1.0 million), Sunbury (£1.6 million), Peterborough (£0.9 million) and Pucklechurch (£1.0 million) in the UK. This was offset by the loss of rents on disposals, including £9.0 million in the UK.

Strong lettings, particularly of new developments in Central Europe (£1.7 million) and the UK (£3.9 million) and good income from re-lettings in the UK (£7.7 million), contributed to the growth in net rental income.

Property operating expenses comprise all of the costs of managing our portfolio including, for example, salaries, building maintenance and refurbishment costs, agents' fees, marketing expenses, insurance, the costs of maintaining empty buildings and rental guarantees payable in respect of buildings sold with vacancy. The level of costs incurred can vary according to a number of factors such as the level of lettings, take-backs, vacancy and, above all, the scale of the overall portfolio. The apparent increase in 2007 expenses was partly caused by an element of service charge income having been netted off operating expenses in 2006, but not in 2007. Adjusting for this item, property operating expenses increased as a percentage of gross rental income from 18.9 per cent in 2006 to 21.1 per cent in 2007. This increase reflects the very high volume of letting activity in 2007 (up 69 per cent on 2006) as well as increases in a number of the underlying expenses in areas such as insurance and building maintenance. We aim to reduce costs as a percentage of income in 2008, but the impact of the UK Government's abolition of empty rates relief is likely to offset these savings.

Tax – continuing operations

The underlying tax charge on the adjusted profit before tax was 1.4 per cent (2006: 14 per cent) with the decrease primarily due to the effect of the Group's REIT and SIIC status in the UK and France, respectively.

The Group achieved UK Real Estate Investment Trust (REIT) status with effect from 1 January 2007 and, as a REIT, all eligible investment property income and capital gains are tax exempt. During the period the Group also elected for Sociétés d'Investissements Immobiliers Cotées (SIIC) status in France, with effect from 1 January 2007, meaning that income and capital gains on the Group's eligible French investment activities will also be tax exempt.

The accounts already show the benefits of the Group's changes to its tax structure, with an underlying tax charge of just £1.9 million for the year (2006: £13.9 million).

Dividend

The directors have proposed a final dividend of 14.7 pence per share, an increase of 21.5 per cent from 2006, which will be paid on 23rd May 2008 to those shareholders on the register on 18th April 2008. The final dividend of 14.7 pence will consist of 5.7 pence to be paid as a property income distribution

('PID') and 9.0 pence to be paid as a regular dividend. The 2007 total dividend of 23.0 pence represents an increase of 21.1 per cent from 2006.

Cash flow

A summary of the cash flow for the period is set out in the table below:

	2007 £m	2006 £m
Cash flow from operations	181.9	137.6
Finance costs (net)	(124.6)	(122.8)
Dividends received (net)	2.5	35.7
Tax received/(paid) (net)	4.1	(11.6)
Free cash flow	63.9	38.9
REIT/SIIC conversion charge paid	(44.5)	-
Sale of subsidiary undertakings	1,499.7	-
Tax paid on sale of US subsidiary undertaking	(87.2)	-
Capital expenditure	(756.9)	(451.9)
Property sales (including joint ventures)	207.3	164.1
Ordinary dividends	(335.9)	(84.0)
Other items	1.2	(3.6)
Net funds flow	547.6	(336.5)
Net (decrease)/increase in borrowings	(361.9)	321.4
Net cash inflow/(outflow)	185.7	(15.1)
Opening cash and cash equivalents	151.0	166.9
Exchange rate changes	3.5	(0.8)
Closing cash and cash equivalents	**340.2**	151.0

Cash flows generated from operations for the period were £181.9 million, an increase of 32.2 per cent from 2006 as a result of higher proceeds from the sale of trading property developments. Cash flows generated from continuing operations were £147.8 million (2006 : £74.7 million) and from discontinued operations were £34.1 million (2006 : £62.9 million).

Dividends received were significantly lower than 2006, mainly due to a one-off dividend from the Group's joint venture with Tesco in 2006 which was not repeated in 2007. Finance costs of £124.6 million, net of interest income, were higher by £1.8 million due to property acquisitions in 2006 and 2007, partly offset by the interest paid in 2006 on the preference shares of £5.2 million, which were converted into ordinary shares during 2006 plus a benefit of £13.7 million from the proceeds of the sale of the US property business net of the special dividend. A net tax refund of £4.1 million was received in the year (2006: £11.6 million tax paid) primarily due to a tax refund in the UK relating to prior years. In addition there was tax paid of £87.2 million on the profit on the sale of the US property business and REIT and SIIC conversion charges paid of £41.0 million and £3.5 million, respectively.

Capital expenditure for the year of £756.9 million (2006: £451.9 million) included approximately £255 million of development expenditure, including joint ventures and trading properties, and land purchases of £75 million were made to provide future development opportunities. The remaining capital expenditure relates to acquisitions of income producing properties throughout the portfolio, with over 75 per cent relating to Continental European acquisitions, consistent with the previously stated intention to establish critical mass on the Continent.

After payment of the dividend, there was a net funds inflow of £547.6 million (2006: £336.5 million outflow). Allowing for the decrease in borrowings in 2007, the net cash inflow for the period was £185.7 million (2006 : £15.1 million outflow).

Proceeds from disposals amounted to £1,707.0m including £1,499.7m from the sale of the US property business and Slough Heat and Power, and £207.3 from the sale of investment and development properties.

Financial position

At 31 December 2007 the Group's borrowings totalled £2,049.4 million (31 December 2006: £2,384.8 million). Cash balances totalled £348.3 million (2006: £161.4 million) resulting in reported net debt amounting to £1,701.1 million (2006: £2,223.4 million). The weighted average maturity of the debt portfolio was 10.5 years.

Unsecured borrowings represent 96 per cent of gross debt at the year end. Secured debt totalled £80.2 million representing some historical mortgage debt domiciled in the Group's overseas operations. £1,383.7 million of debt domiciled in the UK was unsecured and was issued by SEGRO plc without any supporting up-stream guarantees. £585.5 million of unsecured debt was issued by subsidiary companies located overseas.

Reported financial gearing was 57 per cent (2006: 66 per cent) or 56 per cent (2006: 61 per cent) after adding back deferred tax of £67.0 million (2006: £276.1 million). The loan to value ratio (net debt divided by property assets) of the Group at 31 December 2007 was 34 per cent (2006: 38 per cent).

Interest cover based upon adjusted profit before interest and tax and adjusted net finance costs was 2.6 times, or 2.4 times if capitalised interest is included. The market value of borrowings of the Group at the end of December 2007 was £2,004.5 million, £44.9 million lower than the book value.

Funds availability at 31 December totalled £1,136.5 million, comprised of £348.3 million of cash deposits and £788.2 million of undrawn bank facilities. Only £25 million of the Group's facilities are uncommitted overdraft lines with the balance of undrawn facilities being fully committed and with £738.9 million remaining available to 2010/12.

Group income statement
For the year ended 31 December 2007

Continuing operations	Notes	2007 Adjusted income & expense[1] £m	2007 Adjust-ments [2] £m	2007 Total income & expense £m	2006 Adjusted income & expense[1] £m	2006 Adjust-ments [2] £m	2006 Total income & expense £m
Revenue		**342.8**	**-**	**342.8**	264.4	-	264.4
Gross property rental income		**258.8**	**-**	**258.8**	228.6	-	228.6
Property operating expenses		**(54.9)**	**0.9**	**(54.0)**	(39.8)	-	(39.8)
Net property rental income		**203.9**	**0.9**	**204.8**	188.8	-	188.8
Profit on sale of trading properties less provisions	2	**22.0**	**-**	**22.0**	5.9	-	5.9
Share of profits from property joint ventures and associates after tax		**4.0**	**1.6**	**5.6**	5.5	4.2	9.7
Other investment income		**18.4**	**-**	**18.4**	8.5	-	8.5
Administration expenses		**(34.5)**	**-**	**(34.5)**	(25.5)	-	(25.5)
Property (losses)/gains		**-**	**(382.2)**	**(382.2)**	-	397.5	397.5
Operating profit/(loss)		**213.8**	**(379.7)**	**(165.9)**	183.2	401.7	584.9
Finance income		**17.6**	**3.5**	**21.1**	28.4	4.7	33.1
Finance costs		**(100.1)**	**(1.6)**	**(101.7)**	(112.0)	(0.5)	(112.5)
Profit/(loss) before tax		**131.3**	**(377.8)**	**(246.5)**	99.6	405.9	505.5
Tax (charge)/credit - current		**(2.4)**	**(13.9)**	**(16.3)**	(12.1)	(71.1)	(83.2)
- deferred		**0.5**	**17.9**	**18.4**	(1.8)	391.1	389.3
Total tax		**(1.9)**	**4.0**	**2.1**	(13.9)	320.0	306.1
Profit/(loss) from continuing operations		**129.4**	**(373.8)**	**(244.4)**	85.7	725.9	811.6
Discontinued operations							
Profit after tax from discontinued operations		**18.7**	**151.9**	**170.6**	29.2	78.3	107.5
Profit/(loss) for the year		**148.1**	**(221.9)**	**(73.8)**	114.9	804.2	919.1
Attributable to equity shareholders		**147.6**	**(222.5)**	**(74.9)**	113.9	802.6	916.5
Attributable to minority interests		**0.5**	**0.6**	**1.1**	1.0	1.6	2.6
		148.1	**(221.9)**	**(73.8)**	114.9	804.2	919.1
Earnings per share							
From continuing and discontinued operations							
Basic (loss)/earnings per share	4			**(16.4p)**			201.8p
Diluted (loss)/earnings per share	4			**(16.4p)**			196.0p
From continuing operations							
Basic (loss)/earnings per share	4			**(53.6p)**			178.6p
Diluted (loss)/earnings per share	4			**(53.6p)**			173.6p

Notes

1. 'Adjusted income & expense' relates to the Group's income and expense after EPRA adjustments and excluding exceptional items.

2. EPRA adjustments arise from adopting the recommendations of the Best Practices Committee of the European Public Real Estate Association ("EPRA") as appropriate. Exceptional items are disclosed separately due to their size or incidence to enable a better understanding of performance. Both these types of adjustments are described in Note 5.

Statement of recognised income and expense (SORIE)
For the year ended 31 December 2007

Continuing and discontinued operations	2007 £m	2006 £m
Revaluation gains on properties in the course of development	**3.3**	22.3
Exchange movement arising on translation of international operations	**14.3**	(34.3)
Actuarial gains on defined benefit pension schemes	**6.8**	10.2
Increase in value of available-for-sale investments	**8.1**	7.5
Tax on items taken directly to equity	**0.1**	(10.9)
Net gain/(loss) recognised directly in equity	**32.6**	(5.2)
Transfer to income statement on sale of available-for-sale investments	**(4.3)**	(6.2)
Transfer to income statement exchange realised on sale of US property business	**3.5**	-
(Loss)/profit for the year from continuing operations	**(244.4)**	811.6
Profit for the year from discontinued operations	**170.6**	107.5
Total recognised income and expense for the year	**(42.0)**	907.7
Attributable to:		
- equity shareholders	**(43.1)**	905.8
- minority interests	**1.1**	1.9
	(42.0)	907.7

Balance sheet
As at 31 December 2007

	Notes	2007 £m	2006 £m
Assets			
Non-current assets			
Goodwill		**0.8**	0.7
Investment properties	6	**4,485.5**	5,156.7
Development and owner occupied properties	6	**289.5**	469.7
Plant and equipment		**5.8**	48.1
Investments in joint ventures and associates		**73.4**	84.5
Finance lease receivables		**10.4**	10.6
Available-for-sale investments		**39.5**	44.1
		4,904.9	5,814.4
Current assets			
Trading properties	6	**236.0**	232.3
Trade and other receivables		**134.5**	119.0
Cash and cash equivalents		**348.3**	161.4
Tax recoverable		**0.7**	5.1
Non-current assets held for sale		**-**	56.6
Finance lease receivables		**0.1**	0.2
Inventories		**-**	1.0
		719.6	575.6
Total assets		**5,624.5**	6,390.0
Liabilities			
Non-current liabilities			
Borrowings	7	**1,997.3**	2,307.2
Deferred tax provision		**65.4**	298.5
Provisions for liabilities and charges		**4.4**	17.7
Trade and other payables		**18.7**	31.7
		2,085.8	2,655.1
Current liabilities			
Borrowings	7	**52.1**	77.6
Tax liabilities		**283.3**	82.5
Trade and other payables		**213.6**	192.4
		549.0	352.5
Total liabilities		**2,634.8**	3,007.6
Net assets		**2,989.7**	3,382.4
Equity			
Share capital		**118.1**	118.0
Share premium		**368.9**	367.3
Own shares held		**(16.8)**	(10.6)
Revaluation reserve		**1,535.7**	2,129.3
Other reserves		**66.0**	70.4
Retained earnings		**917.1**	698.3
Total shareholders' equity		**2,989.0**	3,372.7
Minority interests		**0.7**	9.7
Total equity		**2,989.7**	3,382.4
Net assets per ordinary share			
Basic	4	**690p**	718p
Diluted	4	**689p**	716p

The financial statements were approved by the Board of directors and authorised for issue on 5 March 2008.

Cash flow statement
For the year ended 31 December 2007

	2007 £m	2006 £m
Cash flows from operating activities	**181.9**	137.6
Interest received on deposits and loans	**22.9**	13.1
Dividends received	**3.8**	36.5
Interest paid	**(147.5)**	(130.7)
Dividends paid to preference shareholders	**-**	(5.2)
Minority dividends paid	**(1.3)**	(0.8)
Tax paid	**(40.4)**	(11.6)
Net cash received from operating activities	**19.4**	38.9
Cash flows from investing activities		
Purchase of subsidiary undertakings (net of cash acquired)	**(95.8)**	-
Sale of US property business (net of cash disposed of)	**1,451.9**	-
Tax paid on sale of US property business	**(87.2)**	-
Sale of Slough Heat & Power	**47.8**	-
Purchase and development of investment properties	**(390.7)**	(262.6)
Sale of investment properties	**193.4**	158.3
Purchase and development of property, plant and equipment	**(249.7)**	(189.3)
Sale of property, plant and equipment	**13.9**	5.8
Purchase of available-for-sale investments	**(4.7)**	(4.7)
Proceeds from disposal of available-for-sale investments	**27.6**	15.7
Investments and loans to joint ventures and associates	**(21.0)**	(21.3)
Loan repayments by joint ventures	**5.2**	9.2
Acquisition of minority interests	**(20.7)**	-
Transfer to restricted deposits	**(0.2)**	(3.9)
Net cash received from/(used in) investing activities	**869.8**	(292.8)
Cash flows from financing activities		
Dividends paid to ordinary shareholders	**(335.9)**	(84.0)
Proceeds from new loans	**62.4**	66.9
Repayment of loans	**(244.7)**	(10.1)
Net (decrease)/increase in other borrowings	**(179.6)**	264.6
Proceeds from the issue of ordinary shares	**1.7**	5.9
Purchase of own shares	**(7.4)**	(4.5)
Net cash (used in)/from financing activities	**(703.5)**	238.8
Net increase/(decrease) in cash and cash equivalents	**185.7**	(15.1)
Cash and cash equivalents at the beginning of the year	**154.9**	166.9
Restricted deposits at the beginning of the year	**(3.9)**	-
Effect of foreign exchange rate changes	**3.5**	(0.8)
Cash and cash equivalents at the end of the year	**340.2**	151.0
Cash and cash equivalents per the balance sheet	**348.3**	161.4
Less restricted deposits	**(4.1)**	(3.9)
	344.2	157.5
Bank overdrafts	**(4.0)**	(6.5)
Cash and cash equivalents per cash flow statement	**340.2**	151.0

1. Basis of preparation

The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 31 December 2007 or 2006, but is derived from those accounts. Statutory accounts for 2006 have been delivered to the Registrar of Companies and those for 2007 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts, their reports were unqualified and did not contain statements under S237 (2) or (3) of the Companies Act 1985.

The financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS), IFRIC Interpretations, and the Companies Act 1985 applicable to companies reporting under IFRS. In addition, the Group has also followed best practice recommendations issued by the European Public Real Estate Association ("EPRA") as appropriate. The financial statements have been prepared under the historical cost convention as modified by the revaluation of properties, available-for-sale investments and financial assets and liabilities held for trading, and the accounting policies used are consistent with those set out in the annual report and accounts for the year ended 31 December 2006.

2(a). Analysis of profit from continuing and discontinued operations

	2007			2006		
	Adjusted income & expense	**Adjust-ments**	**Total income & expense**	Adjusted income & expense	Adjust-ments	Total income & expense
Continuing operations	**£m**	**£m**	**£m**	£m	£m	£m
Net property rental income	**203.9**	**0.9**	**204.8**	188.8	-	188.8
Profit on sale of trading properties	**22.0**	**-**	**22.0**	5.9	-	5.9
Share of profits from property joint ventures and associates after tax	**4.0**	**1.6**	**5.6**	5.5	4.2	9.7
Other investment income	**18.4**	**-**	**18.4**	8.5	-	8.5
Administration expenses	**(34.5)**	**-**	**(34.5)**	(25.5)	-	(25.5)
Property (losses)/gains	**-**	**(382.2)**	**(382.2)**	-	397.5	397.5
Operating profit/(loss)	**213.8**	**(379.7)**	**(165.9)**	183.2	401.7	584.9
Net finance costs	**(82.5)**	**1.9**	**(80.6)**	(83.6)	4.2	(79.4)
Profit/(loss) before tax from continuing operations	**131.3**	**(377.8)**	**(246.5)**	99.6	405.9	505.5
Discontinued operations						
Net property rental income	**42.4**	**-**	**42.4**	58.4	-	58.4
Profit on sale of trading properties	**-**	**-**	**-**	0.2	-	0.2
Share of profits from property joint ventures and associates after tax	**0.7**	**1.1**	**1.8**	1.5	2.1	3.6
Net income from utilities	**2.4**	**-**	**2.4**	2.1	-	2.1
Administration expenses	**(5.2)**	**-**	**(5.2)**	(3.4)	-	(3.4)
Property gains	**-**	**36.1**	**36.1**	-	139.5	139.5
Profit from sale of Slough Heat & Power	**-**	**7.7**	**7.7**	-	-	-
Profit from sale of US property business	**-**	**437.3**	**437.3**	-	-	-
Operating profit	**40.3**	**482.2**	**522.5**	58.8	141.6	200.4
Net finance costs	**(17.9)**	**(15.2)**	**(33.1)**	(15.7)	(0.1)	(15.8)
Profit before tax from discontinued operations	**22.4**	**467.0**	**489.4**	43.1	141.5	184.6
Continuing and discontinued operations						
Net property rental income	**246.3**	**0.9**	**247.2**	247.2	-	247.2
Profit on sale of trading properties	**22.0**	**-**	**22.0**	6.1	-	6.1
Share of profits from property joint ventures and associates after tax	**4.7**	**2.7**	**7.4**	7.0	6.3	13.3
Net income from utilities	**2.4**	**-**	**2.4**	2.1	-	2.1
Other investment income	**18.4**	**-**	**18.4**	8.5	-	8.5
Administration expenses	**(39.7)**	**-**	**(39.7)**	(28.9)	-	(28.9)
Property (losses)/gains	**-**	**(346.1)**	**(346.1)**	-	537.0	537.0
Profit from sale of Slough Heat & Power	**-**	**7.7**	**7.7**	-	-	-
Profit from sale of the US property business	**-**	**437.3**	**437.3**	-	-	-
Operating profit	**254.1**	**102.5**	**356.6**	242.0	543.3	785.3
Net finance costs	**(100.4)**	**(13.3)**	**(113.7)**	(99.3)	4.1	(95.2)
Profit before tax from continuing and discontinued operations	**153.7**	**89.2**	**242.9**	142.7	547.4	690.1
Tax – continuing and discontinued operations	**(5.6)**	**(311.1)**	**(316.7)**	(27.8)	256.8	229.0
Profit/(loss) after tax	**148.1**	**(221.9)**	**(73.8)**	114.9	804.2	919.1

2(b). Segmental analysis

Geographical segments

	United Kingdom*		Continental Europe		Group	
	2007	2006	**2007**	2006	**2007**	2006
Adjusted profit – continuing operations	**£m**	£m	**£m**	£m	**£m**	£m
Segment revenue	**255.8**	194.4	**87.0**	70.0	**342.8**	264.4
Gross property rental income	**206.6**	193.2	**52.2**	35.4	**258.8**	228.6
Property operating expenses	**(46.5)**	(32.6)	**(8.4)**	(7.2)	**(54.9)**	(39.8)
Net property rental income	**160.1**	160.6	**43.8**	28.2	**203.9**	188.8
Proceeds on sale of trading properties	**48.3**	1.2	**35.7**	34.6	**84.0**	35.8
Carrying value of trading properties sold	**(33.4)**	(1.2)	**(28.6)**	(28.7)	**(62.0)**	(29.9)
Profit on sale of trading properties	**14.9**	-	**7.1**	5.9	**22.0**	5.9
Share of profits from property joint ventures and associates after tax	**5.5**	5.0	**(1.5)**	0.5	**4.0**	5.5
Other investment income	**18.4**	8.5	**-**	-	**18.4**	8.5
Administration expenses	**(23.1)**	(20.9)	**(11.4)**	(4.6)	**(34.5)**	(25.5)
Operating profit	**175.8**	153.2	**38.0**	30.0	**213.8**	183.2
Finance income	**16.4**	25.6	**1.2**	2.8	**17.6**	28.4
Finance costs	**(70.8)**	(99.0)	**(29.3)**	(13.0)	**(100.1)**	(112.0)
Profit before tax	**121.4**	79.8	**9.9**	19.8	**131.3**	99.6
Taxation – current	**0.5**	(9.5)	**(2.9)**	(2.6)	**(2.4)**	(12.1)
- deferred	**(0.7)**	(0.7)	**1.2**	(1.1)	**0.5**	(1.8)
Adjusted profit after tax from continuing operations	**121.2**	69.6	**8.2**	16.1	**129.4**	85.7
EPRA adjustments						
Net property rental income	**-**	-	**0.9**	-	**0.9**	-
Share of profits from property joint ventures and associates after tax	**1.6**	4.1	**-**	0.1	**1.6**	4.2
Property (losses)/gains	**(439.1)**	374.9	**56.9**	22.6	**(382.2)**	397.5
Finance income	**2.0**	1.4	**1.5**	3.3	**3.5**	4.7
Finance costs	**(1.3)**	(0.5)	**(0.3)**	-	**(1.6)**	(0.5)
Taxation – deferred	**(0.1)**	415.3	**18.0**	(10.0)	**17.9**	405.3
Total EPRA adjustments	**(436.9)**	795.2	**77.0**	16.0	**(359.9)**	811.2
Exceptional adjustments						
Taxation – current	**-**	(71.1)	**(13.9)**	-	**(13.9)**	(71.1)
- deferred	**-**	(14.2)	**-**	-	**-**	(14.2)
Total exceptional adjustments	**-**	(85.3)	**(13.9)**	-	**(13.9)**	(85.3)
Total adjustments	**(436.9)**	709.9	**63.1**	16.0	**(373.8)**	725.9
(Loss)/profit after tax from continuing operations	**(315.7)**	779.5	**71.3**	32.1	**(244.4)**	811.6
Profit after tax from discontinued operations **					**170.6**	107.5
(Loss)/profit after tax					**(73.8)**	919.1

Summary balance sheet						
Continuing operations						
Total property assets	**3,792.4**	4,208.3	**1,390.2**	711.3	**5,182.6**	4,919.6
Other assets (excluding cash)	**138.0**	145.0	**76.3**	35.2	**214.3**	180.2
Segment assets ***	**3,930.4**	4,353.3	**1,466.5**	746.5	**5,396.9**	5,099.8
Deferred tax liability	**(9.0)**	(16.7)	**(68.5)**	(70.8)	**(77.5)**	(87.5)
Other liabilities (excluding borrowings)	**(513.4)**	(327.0)	**(115.2)**	(44.5)	**(628.6)**	(371.5)
Segment liabilities ***	**(522.4)**	(343.7)	**(183.7)**	(115.3)	**(706.1)**	(459.0)
Net segment assets	**3,408.0**	4,009.6	**1,282.8**	631.2	**4,690.8**	4,640.8
Net external borrowings	**(1,089.3)**	(1,346.6)	**(611.8)**	(366.0)	**(1,701.1)**	(1,712.6)
Net inter-segment borrowings	**287.6**	126.7	**(287.6)**	(57.6)	**-**	69.1
Net assets continuing	**2,606.3**	2,789.7	**383.4**	207.6	**2,989.7**	2,997.3
Net assets of discontinued operations **					**-**	385.1
Net assets					**2,989.7**	3,382.4

2(b). Segmental analysis (continued)

	United Kingdom*		Continental Europe		Group	
	2007	2006	**2007**	2006	**2007**	2006
Summary balance sheet (continued)	**£m**	£m	**£m**	£m	**£m**	£m
Depreciation by segment						
Continuing operations	**1.8**	1.4	**0.2**	0.5	**2.0**	1.9
Discontinued operations**					**3.0**	2.8
					5.0	4.7
Capital expenditure in the year						
Continuing operations	**236.4**	295.5	**532.6**	202.7	**769.0**	498.2
Discontinued operations**					**89.8**	132.7
					858.8	630.9

* The figures for United Kingdom include income from US available-for-sale investments which were not part of the disposal group. In prior periods, this income was classified in the USA segment.

** Discontinued operations comprise the US property business and Slough Heat & Power, which appeared under the segments USA and UK respectively in prior years.

*** Includes the Group's share of assets and liabilities held by joint ventures.

3. Dividends

	2007	2006
	£m	£m
Ordinary dividends paid		
Interim dividend for 2007 @ 8.3 pence per share	**35.0**	-
Special dividend @ 53.0 pence per share	**250.0**	-
Final dividend for 2006 @ 12.1 pence per share	**56.9**	-
Interim dividend for 2006 @ 6.9 pence per share	**-**	32.4
Final dividend for 2005 @ 11.0 pence per share	**-**	51.6
	341.9	84.0

In respect of the current year, the directors propose a final dividend of 14.7 pence per ordinary share, consisting of 5.7 pence of property income distribution ("PID") and 9.0 pence of regular dividend (interim dividend 2007 all PID). The final dividend amounts to £64.1 million and will be paid to shareholders on 23 May 2008. This dividend is subject to approval by the shareholders at the Annual General Meeting (AGM). The final dividend is not recognised in the financial statements.

4. Earnings and net assets per ordinary share

4(i) – Earnings per ordinary share		Basic		Diluted	
		2007	2006	**2007**	2006
		pence	pence	**pence**	pence
Continuing and discontinued operations					
(Loss)/earnings per ordinary share	e1/a, f1/c	**(16.4)**	201.8	**(16.4)**	196.0
Adjusted earnings per ordinary share	g1/a, h1/c	**32.3**	25.1	**32.2**	25.1
Continuing operations					
(Loss)/earnings per ordinary share	e2/a, f2/c	**(53.6)**	178.6	**(53.6)**	173.6
Adjusted earnings per ordinary share	g2/a, h2/c	**28.2**	18.9	**28.2**	19.2

4(ii) – Number of shares		Weighted average in year		In issue at year end	
The number of shares used in calculating earnings and net assets per share is:		**2007**	2006	**2007**	2006
		millions	millions	**millions**	millions
Shares in issue		**460.0**	456.4	**436.1**	472.0
Less shares held by the ESOP		**(2.9)**	(2.2)	**(2.9)**	(2.2)
Basic number of shares	a, b	**457.1**	454.2	**433.2**	469.8
Dilution adjustment for preference shares		-	14.3	-	-
Dilution adjustment for share options and save-as-you-earn schemes		**0.7**	1.1	**0.7**	1.1
Diluted number of shares	c, d	**457.8**	469.6	**433.9**	470.9

4(iii) - Earnings		**Basic**		**Diluted**	
		2007	2006	**2007**	2006
Earnings used in calculating earnings per share are:		**£m**	£m	**£m**	£m
Continuing and discontinued operations					
(Loss)/profit attributable to equity shareholders		**(74.9)**	916.5	**(74.9)**	916.5
Adjustment for interest on preference shares		-	-	-	4.1
	e1, f1	**(74.9)**	916.5	**(74.9)**	920.6
EPRA adjustments (note 5 below)		**206.0**	(889.5)	**206.0**	(889.5)
Minority interest on EPRA adjustments		**0.6**	1.6	**0.6**	1.6
Adjustments for exceptional items (note 5 below)		**15.9**	85.3	**15.9**	85.3
Adjusted earnings	g1, h1	**147.6**	113.9	**147.6**	118.0
Continuing operations					
(Loss)/profit attributable to equity shareholders		**(245.3)**	811.2	**(245.3)**	811.2
Adjustment for interest on preference shares		**-**	-	**-**	4.1
	e2, f2	**(245.3)**	811.2	**(245.3)**	815.3
EPRA adjustments (note 5 below)		**359.9**	(811.2)	**359.9**	(811.2)
Minority interest on EPRA adjustments		**0.6**	0.6	**0.6**	0.6
Adjustments for exceptional items (note 5 below)		**13.9**	85.3	**13.9**	85.3
Adjusted earnings	g2, h2	**129.1**	85.9	**129.1**	90.0

4(iv) - Net assets per ordinary share		**Basic**		**Diluted**	
Net asset values (NAV) are as follows :		**2007**	2006	**2007**	2006
		pence	pence	**pence**	pence
NAV	i/b, i/d	**690**	718	**689**	716
Adjustment for deferred tax on investment properties:					
- capital allowances		**7**	20	**7**	20
- valuation surplus		**8**	39	**8**	39
Adjusted NAV	j/b, j/d	**705**	777	**704**	775
Fair value of debts net of tax		**10**	(17)	**10**	(16)
Deferred tax in respect of capital allowances		**(7)**	(20)	**(7)**	(20)
Deferred tax in respect of valuation surpluses		**(8)**	(39)	**(8)**	(39)
Fair value on trading properties		**17**	-	**17**	-
Triple net NAV (NNNAV)		**717**	701	**716**	700

4(v) - Net assets		**Basic and Diluted**	
Equity used for the calculation of net assets per ordinary share is :		**2007**	2006
		£m	£m
Total equity attributable to ordinary shareholders		**3,005.8**	3,383.3
Less shares held by the ESOP		**(16.8)**	(10.6)
	i	**2,989.0**	3,372.7
Deferred tax attributable to investment and development properties		**67.0**	276.1
Adjusted equity attributable to ordinary shareholders	j	**3,056.0**	3,648.8

5. Adjustments for EPRA, exceptional items and related tax

The Group has presented the income statement in a three-column format, so as to present adjusted amounts to exclude the impact of EPRA adjustments, exceptional items, and related tax. The Directors consider that the adjusted figures give a useful comparison for the periods shown in the consolidated financial statements.

EPRA adjustments arise from adopting the recommendations of the Best Practices Committee of the European Public Real Estate Association ("EPRA") as appropriate. Exceptional items are items that are disclosed separately due to their size or incidence to enable a better understanding of performance.

Details of adjustments	Income statement line	Continuing operations £m	Discontinued operations £m	Total £m
Year ended 31 December 2007				
EPRA adjustments				
Negative goodwill credited, net	Property operating expenses	0.9	-	**0.9**
Gains after tax on property valuations	Share of profits from property joint ventures and associate	1.6	1.1	**2.7**
Revaluation (deficit)/surplus	Property (losses)/gains	(385.2)	36.1	**(349.1)**
Profit on sale of investment properties	Property (losses)/gains	3.0	-	**3.0**
Adjustments for fair value of derivatives	Finance costs	(1.6)	-	**(1.6)**
Adjustments for fair value of derivatives	Finance income	3.5	1.2	**4.7**
Profit from the sale of US property business	Discontinued operations	-	437.3	**437.3**
EPRA adjustments before tax		(377.8)	475.7	**97.9**
Tax on the sale of US property business	Discontinued operations	-	(302.4)	**(302.4)**
Deferred tax attributable to investment and development property which does not crystallise unless sold	Deferred tax	18.1	(19.0)	**(0.9)**
Other deferred tax	Deferred tax	(0.2)	(0.4)	**(0.6)**
Total EPRA adjustments after tax		(359.9)	153.9	**(206.0)**
Exceptional items (excluding minority interests)				
Profit from the sale of Slough Heat & Power	Discontinued operations	-	7.7	**7.7**
Debt repayment penalty on early US loan redemption	Finance costs	-	(16.4)	**(16.4)**
France SIIC conversion charge	Current tax	(13.9)	-	**(13.9)**
Total exceptional items before tax		(13.9)	(8.7)	**(22.6)**
Tax effect of exceptional items	Current tax	-	6.7	**6.7**
Total exceptional items after tax		(13.9)	(2.0)	**(15.9)**
Total adjustments		(373.8)	151.9	**(221.9)**

5. Adjustments for EPRA, exceptional items and related tax (continued)

Details of adjustments	Income statement line	Continuing operations £m	Discontinued operations £m	Total £m
Year ended 31 December 2006				
EPRA adjustments				
Gains after tax on property valuations	Share of profits from property joint ventures and associates	4.2	2.1	**6.3**
Revaluation surplus	Property (losses)/gains	392.7	139.5	**532.2**
Profit on sale of investment properties	Property (losses)/gains	4.8	-	**4.8**
Adjustments for fair value of derivatives	Finance costs	(0.5)	(0.1)	**(0.6)**
Adjustments for fair value of derivatives	Finance income	4.7	-	**4.7**
EPRA adjustments before tax		405.9	141.5	**547.4**
Deferred tax attributable to investment and development property which does not crystallise unless sold	Deferred tax	406.5	(63.2)	**343.3**
Other deferred tax	Deferred tax	(1.2)	-	**(1.2)**
Total EPRA adjustments after tax		811.2	78.3	**889.5**
Exceptional items (excluding minority interests)				
UK REIT conversion charge	Current tax	(81.9)	-	**(81.9)**
Total exceptional items before tax		(81.9)	-	**(81.9)**
Tax effect of exceptional items	Current tax	10.8	-	**10.8**
	Deferred tax	(14.2)	-	**(14.2)**
Total exceptional items after tax		(85.3)	-	**(85.3)**
Total adjustments		725.9	78.3	**804.2**

6. Properties

Properties are included in the balance sheet as follows :

Properties carried at valuation:	UK 2007 £m	Continental Europe 2007 £m	Total 2007 £m	2006 £m
Investment properties	**3,547.5**	**938.0**	**4,485.5**	5,156.7
Development and owner occupied properties	**116.8**	**172.7**	**289.5**	469.7
Classified as held for sale in current assets	**-**	**-**	**-**	56.6
	3,664.3	**1,110.7**	**4,775.0**	5,683.0
Group's share of investment properties within joint ventures and associates	**105.9**	**5.1**	**111.0**	137.3
Total properties carried at valuation	**3,770.2**	**1,115.8**	**4,886.0**	5,820.3
Properties carried at the lower of cost and net realisable value :				
Trading properties	**8.1**	**227.9**	**236.0**	232.3
Group's share of trading properties within joint ventures and associates	**14.1**	**46.5**	**60.6**	27.2
Total properties carried at the lower cost and net realisable value	**22.2**	**274.4**	**296.6**	259.5
Total properties at 31 December	**3,792.4**	**1,390.2**	**5,182.6**	6,079.8

Reconciliation of the completed investment properties table to the financial statements:

	UK 2007 £m	Continental Europe 2007 £m	Total 2007 £m	2006 £m
Valuation of completed investment properties, including share of joint ventures	**3,455.6**	**932.5**	**4,388.1**	5,012.1
Add Trading Properties	8.1	227.9	236.0	232.3
Add tenant lease incentives, letting fees and rental guarantees	29.8	5.2	35.0	66.7
Add Joint Ventures – trading properties	14.1	46.5	60.6	27.2
Company occupied buildings	11.9	1.2	13.1	16.8
Land & construction in progress	272.9	176.9	449.8	724.7
Total properties at 31 December	**3,792.4**	**1,390.2**	**5,182.6**	6,079.8

7. Borrowings

7(i) – Borrowings by type

	Group 2007 £m	Group 2006 £m
Secured borrowings :		
European mortgages (repayable within 1 year)	**22.1**	0.9
US dollars 6.9% 2007 first mortgage	**-**	3.5
Euro mortgages 2009 to 2012	**22.4**	7.7
US dollars 6.85% to 7.51% 2008 to 2017	**-**	24.4
Euro mortgages 5.14% to 6.36% 2014 to 2027	**35.7**	40.6
Total secured (on land, buildings and other assets)	**80.2**	77.1
Unsecured borrowings :		
Bonds		
7.125% bonds 2010	**124.6**	124.5
6.25% bonds 2015	**148.3**	148.2
5.5% bonds 2018	**198.0**	197.9
5.625% bonds 2020	**247.0**	246.8
7.0% bonds 2022	**148.8**	148.7
6.75% bonds 2024	**220.8**	220.7
5.75% bonds 2035	**198.0**	197.9
Notes		
7.58% US dollar Notes 2007	**-**	10.2
7.84% US dollar Notes 2008	**-**	7.6
9.27% Canadian dollar Notes 2010	**-**	11.0
7.94% US dollar Notes 2010	**-**	46.6
6.417% Euro Notes 2011	**36.8**	33.7
6.57% US dollar Notes 2011	**-**	50.9
8.0% US dollar Notes 2012	**-**	22.2
8.09% US dollar Notes 2015	**-**	5.1
6.97% US dollar Notes 2016	**-**	50.9
	1,322.3	1,522.9
Bank loans and overdrafts	**646.6**	784.5
Preference shares held by subsidiary	**0.3**	0.3
Total unsecured	**1,969.2**	2,307.7
Total borrowings	**2,049.4**	2,384.8

The maturity profile of borrowings is as follows :

Maturity profile of debt	Group 2007 £m	Group 2006 £m
In one year or less	**52.1**	77.6
In more than one year but less than two	**4.6**	30.7
In more than two years but less than five	**796.1**	991.0
In more than five years but less than ten	**182.8**	272.8
In more than ten years	**1,013.8**	1,012.7
Total debt	**2,049.4**	2,384.8
Maturity profile of undrawn borrowing facilities		
In one year or less	**49.3**	37.1
In more than one year but less than two	**-**	11.1
In more than two years	**738.9**	461.7
Total available undrawn facilities	**788.2**	509.9

There are no early settlement or call options on any of the borrowings. Financial covenants relating to the borrowings include maximum limits on the Group's gearing ratio and minimum limits to permitted interest cover. The Group is comfortably within the limits imposed by the covenants.

GLOSSARY OF TERMS

Adjusted earnings per share
EPS based on adjusted profit before tax and excluding deferred tax on investment properties.

Adjusted net asset value per share
NAV per share adjusted to add back deferred tax associated with investment properties, as recommended by EPRA.

Adjusted profit before tax
Reported profit before tax, after reflecting EPRA adjustments and excluding items which are exceptional by virtue of their size or incidence.

Book value
The amount at which assets and liabilities are reported in the accounts.

Combined portfolio
The investment, development and trading properties of the Group, including the relevant share of joint ventures' properties.

Continuing operations
The remaining ongoing operations of the Group after excluding the operations of the Group's US business and Slough Heat & Power.

Development pipeline
The Group's current programme of developments authorised or in the course of construction at the balance sheet date, together with potential schemes not yet commenced on land owned or controlled by the Group or its joint ventures.

Diluted figures
Reported amounts adjusted to reflect the dilutive effects of convertible preference shares and of shares held by the employee share ownership plan trusts.

Discontinued operations
The operations of the Group's US business which was sold on 1 August 2007 and Slough Heat & Power which was sold on 31 December 2007. Under IFRS 5, these operations are required to be accounted for as discontinued and disclosed separately in the income statement and balance sheet.

Dividend cover
Adjusted earnings per share divided by the ordinary dividend per share.

Earnings per share (EPS)
Profit after taxation attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

EPRA adjustments
Adjustments to income statement and balance sheet amounts reported under IFRS arising from adopting the recommendations of the Best Practices Committee of the European Real Estate Association ("EPRA"). The adjustments to income statement amounts principally relate to the exclusion of valuation gains and losses, whilst the balance sheet adjustments relate to the exclusion of deferred tax on investment properties.

Equivalent yield
The internal rate of return from an investment property, based on the value of the property assuming the current passing rent reverts to ERV and assuming the property becomes fully occupied over time.

Estimated rental value (ERV)
The estimated annual market rental value of lettable space as determined biannually by the Company's valuers. This will normally be different from the rent being paid.

Estimate to complete (ETC)
Costs still to be expended on a development or redevelopment to practical completion (not to complete lettings), including attributable interest.

Finance lease
A lease that transfers substantially all the risks and rewards of ownership from the lessor to the lessee.

Gearing (net)
Total borrowings, including bank overdrafts, less short-term deposits, corporate bonds and cash, at book value, plus non-equity shareholders' funds as a percentage of equity shareholders' funds.

Gross rental income
Contracted rental income recognised in the period, including surrender premiums, interest receivable on finance leases and service charge income. Lease incentives, initial costs and any contracted future rental increases are amortised on a straight line basis over the lease term

Hectares (ha)
The area of land measurement used in this report. The conversion factor used, where appropriate, is 1 hectare = 2.471 acres.

Initial yield
Annualised current passing rent expressed as a percentage of the property valuation.

IPD
Investment Property Databank.

IRR
The internal rate of return is the discount rate at which the net present value of the expected cash flows of a project is zero (ie the breakeven rate of return).

Joint venture
An entity in which the Group holds an interest and which is jointly controlled by the Group and one or more partners under a contractual arrangement whereby decisions on financial and operating policies essential to the operation, performance and financial position of the venture require each partner's consent

Net asset value (NAV) per share
Equity shareholders' funds divided by the number of ordinary shares in issue at the period end.

Net rental income
Gross rental income less ground rents paid, service charge expenses and property operating expenses

Over-rented
Space that is let at a rent above its current ERV.

Passing rent
The annual rental income currently receivable on a property as at the balance sheet date (which may be more or less than the ERV – see over-rented and reversionary).

Pre-let
A lease signed with an occupier prior to completion of a development.

REIT
A qualifying entity which has elected to be treated as a Real Estate Investment Trust for tax purposes. In the UK, such entities must be listed on a recognised stock exchange, must be predominantly engaged in property investment activities and must meet certain ongoing qualifications. SEGRO plc and its UK subsidiaries elected for REIT status with effect from 1 January 2007.

Reversionary or under-rented
Space where the passing rent is below the ERV.

Reversionary yield
The ERV of a property, expressed as a percentage of the property's valuation. In the case of portfolio data, the reversionary yield assumes all properties are fully occupied.

SIIC
(Sociétés d'Investissements Immobiliers Cotées). A qualifying entity which has elected to be a French Real Estate Investment Trust. In France, such entities must be listed on a recognised stock exchange, must be predominantly engaged in property investment activities and must meet certain ongoing qualifications. SIICs are exempt from corporation tax. SEGRO plc, whose shares are listed on Euronext Paris, and its eligible French subsidiaries elected for SIIC status with effect from 1 January 2007.

Square metres (sq m)
The area of buildings measurements used in this report. The conversion factor used, where appropriate, is 1 square metre = 10.639 square feet.

Total development cost
All capital expenditure on a project including the opening book value of the property on commencement of development, together with all finance costs capitalised during the development.

Total property return
The valuation surplus, profit/(loss) on sale of investment properties and net rental income in respect of investment properties, expressed as a percentage of the closing book value of the investment property portfolio.

Total return
Dividends per share plus annual growth in diluted adjusted net asset value per share, expressed as a percentage of the opening diluted adjusted net asset value per share.

Trading properties
Properties held for trading purposes and shown as current assets in the Balance Sheet.

Voids
The area in a property or portfolio, excluding developments, which is currently available for letting.