SEGRO
SLOUGH ESTATES GROUP

PRESS RELEASE

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SEGRO PLC INTERIM MANAGEMENT STATEMENT

SEGRO plc today announces its interim management statement for the nine months ended 30 September 2008.

Key Points

- Continuing robust performance from existing tenant base, despite worsening market environment
- Maintaining good momentum in leasing activities, particularly in Europe
- Development starts significantly reduced and focused on areas of highest market demand
- Strong financial discipline with tight control of capital expenditure and costs

Occupier market conditions

- The Group has continued to maintain good momentum in its leasing activities, letting a total of 457,000 sq m in the nine months to the end of September, compared with 397,000 sq m in the equivalent period last year. 174,000 sq m was let in the third quarter of the year (2007: 86,000 sq m).
- The overall vacancy rate was 9.5% at the end of September, a slight increase from the 9.3% seen at the end of June and entirely due to development completions in the period.
- We have seen no increase in the level of tenant insolvencies and rents have continued to be paid in line with previous experience. Nonetheless, we are monitoring our customers carefully in anticipation of some weakness in the months ahead.
- Enquiries for new space have slowed in the UK in the third quarter, although are still at similar levels seen in the corresponding periods in 2006 and 2005; enquiry levels in Continental Europe have remained good, particularly in Poland.

Development activity

- We have made good progress with our existing development schemes, comprising a combination of pre-lets and speculative product, underpinned by good demand. 308,000 sq m of developments have been completed in 2008 (151,000 sq m in Q3), 68% of which has been let or sold, whilst 42% of the 285,000 sq m of developments under construction, has already been pre-let or sold.
- As noted at the time of our Half Year Results Announcement in August, new construction starts are being tightly controlled. Notwithstanding the current robust occupier demand being experienced in certain markets, we are being very cautious about any new speculative development starts.

Property values

- As previously reported, SEGRO's UK investment property portfolio recorded a 10.4% reduction in value for the six months ended 30th June 2008, partially offset by a surplus of 0.7% in Continental Europe.
- Since then, the severe stress in global financial markets has continued to have a negative effect on investment market conditions, with property values showing further declines.
- Whilst the next valuation of the Group's properties will not be until 31 December, the Investment Property Databank (IPD) indicates that capital values of UK industrial properties have declined by 6.1% over the third quarter of 2008 (a decrease of 14.0% in capital values from December 2007). Due to the relative scarcity of transactions in the market, the IPD index may not be fully reflective of the "true market".
- In Continental Europe, investment market conditions are also weakening. Accordingly, we expect there to be a softening of yields in Continental Europe in the second half of the year but, as with the UK, there is relatively limited market evidence to guide valuers.

Financial position:

- In the nine months to the end of September, SEGRO has invested c.£179m in its development pipeline and has realised c.£264m of cash from disposals, leaving the Group with net debt of c.£2,190m.
- Cash and un-drawn debt facilities at the end of September were c.£808m.
- SEGRO has a widely diversified funding base. Approximately £1bn of borrowings are syndicated with a strong group of banks. A further £1.3 billion of term funding is provided by 7 separate, unsecured fixed rate Sterling Eurobond issues held by institutional investors.
- The average maturity of outstanding debt is 9.5 years and only £140m of the Group's committed facilities are due for repayment or rollover before the end of 2009.

Outlook

General economic conditions across the UK and Europe have deteriorated markedly over recent months. Whilst we have made good progress with our own letting and development programme, we are cautious about the outlook both for occupier markets and investment markets. We anticipate some weakening in demand for industrial space in the months ahead and expect property values to show further declines until such time that debt markets stabilise.

In this environment, we are exercising strong financial discipline and expect to commence relatively little by way of new developments, particularly those of a speculative nature. We continue to pursue opportunities to generate cash from disposals where acceptable prices can be achieved.

Ian Coull, Chief Executive said:

"Our carefully planned development programme which has been concentrated in attractive markets, coupled with our active approach to asset and customer management, has enabled us to continue delivering excellent letting results. Nonetheless we are cautious about the near term outlook for our markets and for property values.

Looking further ahead, I believe there will be some very attractive investment opportunities in the coming years. We are managing the business in a cautious and disciplined manner to ensure that SEGRO is well placed to take full advantage of such opportunities."

Ends

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CONFERENCE CALL FOR INVESTORS AND ANALYSTS

There will be a conference call for investors and analysts at 9:30 AM today GMT, hosted by Ian Coull, Chief Executive, and David Sleath, Finance Director.

To participate in the call, please dial:

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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, serving a diversified base of 1,700 customers operating in a wide range of sectors, representing both small and large businesses, from start-ups to global corporations. With property assets of £5.1 billion as at 30 June 2008 and around 5.0 million sq m of business space, SEGRO has an annual rent roll of approximately £290 million (Note: these metrics include trading properties, development assets and the Group's share of joint ventures). www.segro.com

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APPENDIX

Details of recent transactions and performance in 2008 include:

UK

Lettings

- c.114,000 sq m of space has been let in the nine months to the end of September (2007: c.152,000 sq m).
- c.40,000 sq m of space was let in the third quarter, the same as in the comparable period in 2007.
- Pre-let of c.10,800 sq m data centre facility to Equinix (London) Limited in October 2008.

Vacancy Rates

- The vacancy rate improved marginally to 11.1% compared to the position at the end of June.

Development

- c.18,000 sq m of developments have been completed so far this year of which 58% have been pre-let or sold.
- c.59,000 sq m of space is currently under construction of which c.66% has already been pre-let or sold.

Disposals

- c.108,000 sq m of non-core industrial assets were disposed of in August and September for £110m at 2.8% less than the June 2008 book value (comprising 63,000 sq m to The Crown Estate and c.45,000 sq m to a client of Protego Real Estate Investors LLP).

CONTINENTAL EUROPE

Lettings

- c. 293,000 sq m of space has been let in the nine months to the end of September (2007: 214,000 sq m) of which c.119,000 sq m was let in the third quarter (2007: 46,000 sq m).
- Letting highlights in the third quarter included 17,000 sq m to Ernst & Young in Pegasus Park 1 (Belgium), 20,750 sq m to Hammer GmbH in Krefelder (Germany), 17,500 sq m let to ABX Logistics in Alzenau (Germany), 10,600 sq m to Cerva Logistics in the Czech Republic, 12,200 sq m to Cosmetic Essence in Strykow F (Poland), and 15,700 sq m to Żabka Polska in Komorniki 2A (Poland).
- Of the 46,000 sq m pre-lets signed in the third quarter, c.30,000 sq m were in Poland. In addition, a 6,000 sq m pre-let was signed with SAP at Vimercate Energy Park (Italy).

Vacancy Rates

The vacancy rate increased from 6.8% in June to 7.9% at the end of September due to development completions in the third quarter.

Development

- c.290,000 sq m of developments have been completed, with c.68% already pre-let or sold.
- c.226,000 sq m of additional space is under construction, of which c.36% has already been pre-let or sold; of this, approximately 110,000 sq m is in Central Europe of which c.35% has been pre-let or sold. We continue to experience good levels of enquiries for new space in most Continental European markets.

Disposals

- Sale of c.29,200 sq m logistics scheme in Hungary on 5th November to SEB for c.€20m.

Note: Lettings include licenses