

**Registered Number**

**1087015**

**SEGRO Administration Limited**

**Financial Statements for the year ended 31 December 2012**

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COMPANIES HOUSE

**SEGRO Administration Limited**  
**Summary of Officers and Professional Advisors**

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**Directors**

A S Gulliford (appointed 7 November 2012)  
D J R Sleath  
S A Carlyon  
A O Peters  
A J Pilsworth  
J Read  
A M Holland (appointed 7 November 2012)  
G.J Osborn (appointed 7 November 2012)

**Secretary**

E A Blease

**Registered Office**

Cunard House  
15 Regent Street  
London  
SW1Y 4LR

**Bankers**

Barclays Bank  
P O Box 756  
Hamilton Road  
Slough, Berkshire  
SL1 4RP

**Registered Number**

1087015

**Auditor**

Deloitte LLP  
Chartered Accountants  
London

**SEGRO Administration Limited**  
**Directors' report and accounts for the year ended 31 December 2012**

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**Directors' report**

The Directors submit their annual report together with the audited financial statements for the year ended 31 December 2012 which were approved by the board on 23 April 2013

**Business review and principal activities**

The principal activities of SEGRO Administration Limited include the provision of a central service of administration, secretariat, accounts, business information systems and personnel control for the SEGRO plc group of companies (the "Group"). The Company has performed in line with expectations and the Directors are satisfied with the year end position

These financial statements have been prepared under the going concern basis as SEGRO plc, the Company's parent undertaking has agreed to provide continuing support to the Company, for at least twelve months after the date of approval by the Directors of the financial statements for the year ended 31 December 2012 subject to the Company remaining 100% owned by SEGRO plc, to enable the Company to meet its liabilities as they fall due. See disclosure of principal risks and uncertainties relevant to the Company below

The results for the Company show a pre-tax profit of £0.6 million (2011: loss of £9.8 million). The Company has total liabilities of £18.1 million (2011: £23.0 million). Dividends of £nil were paid during the year (2011: £nil).

**Future outlook**

The external environment is expected to remain competitive in 2013

**Principal risks and uncertainties**

The Company, as a subsidiary of SEGRO plc, is managed on a unified basis as part of the SEGRO plc group. The principal risks faced by the Company reflect those of the SEGRO plc group and the table below outlines the principal risks and uncertainties faced by the SEGRO plc group in delivering its strategic priorities in 2012

**Principal uncertainties**

- Changes in macro-economic conditions,
- Changes in government policies, and
- Changes in the commercial environment

**Strategic risks**

- Portfolio shape and performance,
- Pace of strategic change, and
- Impact of Eurozone economic environment.

**Financial risks**

- Solvency and covenant breach

**Operational risks**

- Health and safety incidents,
- Environmental damage or failure to meet sustainability targets,
- Business or IT system disruption,
- Failure to attract, retain and motivate key employees, and
- Change or breach of regulatory requirements

**Investment/ real estate risks**

- Market cycle,
- Appropriateness of investment plans, and
- Portfolio valuation

These risks and uncertainties are described in greater detail together with mitigating factors on pages 40 to 43 of the SEGRO plc Annual Report and Accounts

**Key performance Indicators ("KPI's")**

Given the straightforward nature of the business, the Company's Directors are of the opinion that the KPIs relevant to understanding the development performance and position of the business are profit before tax and total liabilities. The results are disclosed above

**Directors**

The present Directors of the Company all of whom served throughout the year, unless otherwise stated, are as shown on page 2

**Directors' indemnities**

Directors of the Company are entitled to be indemnified by the Company against any liability, loss or expenditure incurred in connection with their duties, powers or office, to the extent permitted by statute. The contracts of employment of the Directors of the Company do not provide for compensation for the loss of office that occurs because of takeover

**Charitable, political and other donations**

The Company made no charitable, political or other donations during the year (2011: £ nil)

**SEGRO Administration Limited**

**Directors' report and accounts for the year ended 31 December 2012**

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**Payment policy**

It is the Company's payment policy, in respect of all suppliers, to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers when placing orders. Trade creditors as a proportion of amounts invoiced by suppliers represents 24 days (2011: 11 days).

**Employment policy**

Details of the Company's policies on employment and on employee development are given in SEGRO plc's Performance Review (P41). The Group is committed to achieving a high standard of health and safety and is continually reviewing its policies and practices to ensure that those standards are maintained. We are committed to ensuring safe and healthy working conditions for our employees and visitors.

**Auditor and disclosure of information to auditor**

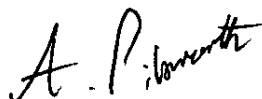
Each of the persons who is a Director at the date of approval of this annual report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- The Director has taken all the steps he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board



A J Pilsworth

Director

23 April 2013

**SEGRO Administration Limited**  
**Statement of the Directors' responsibilities**

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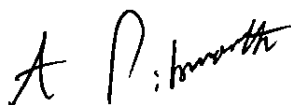
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statement unless they are satisfied that they give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



A J Pilsworth  
Director  
23 April 2013

**SEGRO Administration Limited****Independent Auditor's Report to the members of SEGRO Administration Limited**

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We have audited the financial statements of SEGRO Administration Limited for the year ended 31 December 2012 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

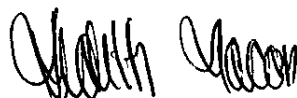
**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Judith Tacon (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, UK  
23 April 2013

**SEGRO Administration Limited**  
**Income statement for the year ended 31 December 2012**

	Note	2012 £000's	2011 £000's
Revenue	2	25,859	25,628
Administration expenses	3	(25,233)	(35,418)
Operating profit/(loss)		626	(9,790)
Gain/(loss) on disposal of non-current assets		-	36
Profit / (loss) before tax		626	(9,754)
Tax			
- current	4	-	-
- deferred	4	-	-
Total tax		-	-
Profit / (loss) for the year		626	(9,754)

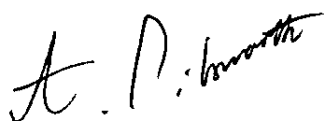
All activities during the current and preceding year are derived from continuing operations

There are no other items of comprehensive income in the current or prior year and therefore no statement of comprehensive income is shown

**SEGRO Administration Limited**  
**Balance Sheet as at 31 December 2012**

	Note	2012 £000's	2011 £000's
<b>Non-current assets</b>			
Intangible assets	5	2,133	-
Plant and equipment	5	1,639	2,917
Amounts due from Group companies	8	17,279	11,900
<b>Total non-current assets</b>		<b>21,051</b>	<b>14,817</b>
<b>Current assets</b>			
Trade and other receivables	7	1,326	571
Cash and cash equivalents		-	-
<b>Total current assets</b>		<b>1,326</b>	<b>571</b>
<b>Total assets</b>		<b>22,377</b>	<b>15,388</b>
<b>Non-current liabilities</b>			
Deferred tax provision	6	-	-
Provision for liabilities and charges	9	247	247
Other payables	11	57	57
<b>Total non-current liabilities</b>		<b>304</b>	<b>304</b>
<b>Current liabilities</b>			
Trade and other payables	11	17,821	22,673
<b>Total current liabilities</b>		<b>17,821</b>	<b>22,673</b>
<b>Total liabilities</b>		<b>18,125</b>	<b>22,977</b>
<b>Net assets</b>		<b>4,252</b>	<b>(7,589)</b>
<b>Equity</b>			
Share capital	12	10,025	25
Share based payment reserve	13	1,674	691
Retained earnings		(7,447)	(8,305)
<b>Total equity</b>		<b>4,252</b>	<b>(7,589)</b>

The financial statements on pages 7 to 22 (registered number 1087015) were approved by the Board of Directors and authorised for issue on 23 April 2013 and signed on its behalf by



A J Pilsworth  
 Director

## SEGRO Administration Limited

## Statement of changes in equity for the year ended 31 December 2012

	Balance 1 January £000's	Movement in FV of share based payments £000's	Shares issued £000's	Reserves transfers £000's	Other £000's	Profit/(loss) for year £000's	Balance 31 December £000's
<b>2012</b>							
Share capital	25	-	10,000	-	-	-	10,025
Share based payment reserve	691	732	-	(232)	483	-	1,674
Retained earnings	(8,305)	-	-	232	-	626	(7,447)
<b>Total equity attributable to equity shareholders</b>	<b>(7,589)</b>	<b>732</b>	<b>10,000</b>	<b>-</b>	<b>483</b>	<b>626</b>	<b>4,252</b>
<b>2011</b>							
Share capital	25	-	-	-	-	-	25
Share based payment reserve	3,066	(834)	-	(1,297)	(244)	-	691
Retained earnings	152	-	-	1,297	-	(9,754)	(8,305)
<b>Total equity attributable to equity shareholders</b>	<b>3,243</b>	<b>(834)</b>	<b>-</b>	<b>-</b>	<b>(244)</b>	<b>(9,754)</b>	<b>(7,589)</b>

## SEGRO Administration Limited

## Cash flow Statement for the year ended 31 December 2012

	Note	2012 £000's	2011 £000's
<b>Cash inflow/(outflow) generated from operations</b>	<b>14</b>	<b>(1,900)</b>	<b>(1,535)</b>
Tax recovered/(paid) from Group companies		-	-
Dividend received		187	-
<b>Net cash received/(used in) from operating activities</b>		<b>(1,713)</b>	<b>(1,535)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment and intangibles		(2,908)	(1,696)
Sale of plant and equipment		-	27
Net decrease/(increase) in loans to group companies		(5,379)	3,204
<b>Net cash (used in)/received investing activities</b>		<b>(8,287)</b>	<b>1,535</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of ordinary shares		10,000	-
Dividend paid		-	-
<b>Net cash (used in) financing activities</b>		<b>10,000</b>	<b>-</b>
<b>Net movement in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents per balance sheet</b>		<b>-</b>	<b>-</b>

## **1. General**

SEGRO Administration Limited is a limited company incorporated in Great Britain. The Company's ultimate holding company is SEGRO plc ("the Group") which is also incorporated in Great Britain.

The financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS), IFRIC Interpretations, and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have also been prepared in accordance with IFRS adopted by the European Union and therefore the Company's financial statements comply with Article 4 of the EU IAS Regulations.

The financial statements have been prepared on a going concern basis. This is discussed in the Directors' Report on page 3.

These financial statements are presented in thousands and in sterling since that is the currency in which the majority of the Company's transactions are denominated. The financial statements have been prepared under the historical cost convention.

Management believes that the judgements, estimates and associated assumptions used in the preparation of the financial statements are reasonable, however actual results may differ from these estimates. Critical judgements, where made, are disclosed within the relevant section of the financial statements in which such judgements have been applied.

### **Summary of significant accounting policies**

#### **Revenue**

Revenue comprises recharges to other Group companies for administration expenses and wages and salary costs and is recognized on an accruals basis.

#### **Plant and equipment**

Plant and equipment comprise computers, motor vehicles, furniture, fixtures and fittings, and improvements to the Company's offices. These assets are stated at cost less accumulated depreciation and are depreciated on a straight-line basis over their estimated useful lives.

#### **Trade and other receivables and payables**

Trade and other receivables are booked at fair value. An impairment provision is created where there is objective evidence that the Company will not collect in full. Trade and other payables are stated at cost, since cost is a reasonable approximation of fair value.

#### **Provisions**

A provision is recognised where there is an obligation from past events requiring settlement by an outflow of economic benefits. Where material, expected outflows are discounted at rates reflecting prevailing interest rates and risks. A provision for an onerous contract is recognised where the unavoidable cost of meeting contractual obligations exceeds its benefits. Dilapidations are provided for if an obligation exists at the reporting date which can be reliably estimated.

#### **Pensions - Defined benefit schemes**

The schemes' assets are measured at fair value, their obligations are calculated at discounted present value, and any net surplus or deficit is recognised in the balance sheet. Operating and financing costs are charged to the income statement, with service charge costs spread systematically over employees' working lives, and financing costs expensed in the year in which they arise. Actuarial gains and losses are recognised through equity in the Statement of Changes in Equity. Where the actuarial valuation of the scheme demonstrates that the scheme is in surplus, the recognisable asset is limited to that for which the Company can benefit in the future. Professional actuaries are used in relation to defined benefit scheme and the assumptions are outlined in note 17.

#### **Share-based payments**

The cost of granting share options and other share-based remuneration is recognised in the income statement at their fair value at grant date. They are expensed straight-line over the vesting period, based on estimates of the shares or options that eventually vest. Charges are reversed if it appears that performance will not be met. Options are valued using the Black-Scholes model. Own shares held in connection with employee share plans or other share based payment arrangements are treated as treasury shares and deducted from equity, and no profit or loss is recognised on their sale, issue or cancellation.

## **1 Summary of significant accounting policies (continued)**

### **Investment in subsidiaries and associates**

Where the Company holds investments in subsidiaries and associates these are held at cost or provided against where the recoverable amount falls below this balance. The Company has taken advantage of the exemption under S400 Companies Act 2006 not to produce consolidated accounts.

### **Tax**

#### **Current tax**

The current tax charge is based on results for the year, adjusted for items that are non-assessable or disallowable. It is calculated using rates that are enacted (or substantively enacted) by the balance sheet date.

#### **Deferred tax**

This is the tax expected to be paid or recovered on differences between the reported value of assets and liabilities and their tax base. The company uses the balance sheet liability method, under which tax liabilities are usually recognised for all taxable temporary differences, but tax assets are recognised only to the extent taxable profits are expected to be available against which to utilise temporary differences.

The carrying amount of tax assets is reviewed each reporting date and reduced if full recoverability is not expected. Tax is calculated at rates expected to apply in the period the liability settles or the asset is realised, and is booked to the income statement. Where it relates to items accounted for in equity, however, the tax is also dealt with in equity. Tax assets and liabilities are offset when they are levied by the same tax authority and the Group is entitled to settle net.

#### **New accounting policies**

In the current year, the following new and revised standards and Interpretations have been adopted by the Company, none of which had a material impact on the current or prior year reported results.

- Amendments to IFRS 7, Financial Instruments Disclosures - (Oct 2010) Disclosures – Transfers of Financial Assets, and
- Amendments to IAS 12, Income Taxes - (Dec 2010) Deferred Tax: Recovery of Underlying Assets

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

- IFRS 9 Financial Instruments,
- IFRS 10 Consolidated Financial Statements,
- IFRS 11 Joint Arrangements,
- IFRS 12 Disclosure of Interests in Other Entities,
- IFRS 13 Fair Value Measurement;
- IAS 19 (revised June 2011) Employee Benefits,
- IAS 27 (revised May 2011) Separate Financial Statements,
  
- IAS 28 (revised May 2011) Investments in Associates and Joint Ventures,
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine,
- Annual Improvements (May 2012) to IFRSs (2009 – 2011) Cycle,
- Amendments to IAS 1 Presentation of Financial Statements - (June 2011) Presentation of Items of Other Comprehensive Income,
- Amendments to IAS 32 and IFRS 7 Financial Instruments Disclosures - (December 2011) Offsetting Financial Assets and Financial Liabilities, and
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 (revised May 2011) Separate Financial Statements – (October 2012) Investment Entities

The Directors do not expect that the adoption of the standards listed above will have a significant impact on the financial statements of the Company in future periods, except as follows:

The interest cost and expected return on scheme assets used in the previous version of IAS 19 are being replaced with a net-interest amount under IAS 19 (revised June 2011), which is calculated by applying a discount rate to the net defined benefit liability or asset.

IFRS 9 will likely impact both the measurement and disclosures of financial instruments.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these new and amended standards (including the potential effect of the amendment to IAS 28 and introduction of IFRS 11) until a detailed review has been completed.

**SEGRO Administration Limited**  
**Notes to the financial statements**

<b>2 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£000's</b>	<b>£000's</b>
Administration expenses recharged to Group companies	25,672	25,628
Dividends from subsidiary undertakings	187	-
<b>Total revenue</b>	<b>25,859</b>	<b>25,628</b>

<b>3 Administration expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£000's</b>	<b>£000's</b>
Depreciation	2,053	2,215
Employee costs	18,394	19,759
Other	4,786	13,444
	<b>25,233</b>	<b>35,418</b>

**Employees**

The Company bears the cost of property related UK employees of the Group and then recharges them to other Group companies, the recharge being included in revenue

The aggregate payroll costs of employees were	<b>2012</b>	<b>2011</b>
	<b>£000's</b>	<b>£000's</b>
Wages and salaries	13,738	15,911
Social security costs	1,708	2,005
Pension costs		
- defined benefits	756	693
- defined contributions	639	675
Share scheme costs	732	(834)
Termination benefits	821	1,309
	<b>18,394</b>	<b>19,759</b>

**Audit fees**

A notional charge of £1,000 (2011 £2,100) is deemed payable to Deloitte LLP in respect of the audit of the financial statements. The actual amounts payable to Deloitte LLP are paid at group level by SEGRO plc

The average number of employees of the Company was 187 (2011 176 all of whom were engaged in property management)

The Company operates pension schemes for its employees and those of the other group companies. Total pension costs for the Company were £1.4 million (2011: £1.4 million)

**Directors' remuneration**

The Directors received no remuneration in respect of their services as Directors of the Company

**SEGRO Administration Limited**  
**Notes to the financial statements (continued)**

<b>4 Tax</b>	<b>2012</b>	<b>2011</b>
	<b>£000's</b>	<b>£000's</b>
<b>Current tax</b>		
Provision for UK Corporation taxation based on gain for the year		
Corporation tax credit at 24.5 per cent (2011: 26.5 per cent)	-	-
Adjustment in respect of prior years	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>		
Movement in temporary differences not recognised	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
<b>Total tax credit on profit on ordinary activities</b>	<b>-</b>	<b>-</b>

**Factors affecting tax charge for the year:**

The tax for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2012</b>	<b>2011</b>
	<b>£000's</b>	<b>£000's</b>
<b>Profit/(loss) on ordinary activities before tax</b>	<b>626</b>	<b>(9,754)</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5 per cent (2011: 26.5 per cent)	153	(2,585)
Effects of:		
Adjustment in respect of prior years	-	-
Origination and reversal of temporary differences	-	-
Group (claim)/relief surrendered for no consideration	(153)	2,585
Permanent difference	-	-
<b>Total tax on profit on ordinary activities</b>	<b>-</b>	<b>-</b>

**Factors that may affect future tax charges**

The standard rate of UK corporation tax is expected to be reduced in stages to 21% by 2014. This is unlikely to impact the Company's tax charge significantly.

**5 Plant and equipment and intangibles**

	<b>2012</b>	<b>2011</b>
	<b>£000's</b>	<b>£000's</b>
<b>Cost</b>		
At 1 January	12,351	10,757
Additions	775	1,696
Disposals	(6,973)	(102)
<b>At 31 December</b>	<b>6,153</b>	<b>12,351</b>
<b>Depreciation</b>		
At 1 January	(9,434)	(7,294)
Charge for the year	(2,053)	(2,215)
Disposals	6,973	75
<b>At 31 December</b>	<b>(4,514)</b>	<b>(9,434)</b>
<b>Net book value at 31 December</b>	<b>1,639</b>	<b>2,917</b>
Depreciation method	Straight Line	Straight Line
Measuring basis for carrying value	Cost	Cost
Depreciation rates used	15-33%	15-33%

Intangibles in the amount of £2.1 million (2011: £nil) primarily relate to capitalised software costs with £nil amortisation in the current period (£nil).

**SEGRO Administration Limited**  
**Notes to the financial statements (continued)**

**6 Deferred tax liability**

	2012 £000's	2011 £000's
Balance as at 1 January	-	-
Recognised in income	-	-
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>
Deferred tax liability consists of		
Accelerated capital allowances	-	-
<b>Total deferred tax liability</b>	<b>-</b>	<b>-</b>

At balance sheet date the Company has unused revenue losses of £nil (2011 £nil) available for offset against future profits. The Company has unrecognised deferred tax asset relating to capital allowances in excess of depreciation of £0.70 million (2011 £0.75 million). This asset has not been recognised as its future recovery is uncertain or not currently anticipated.

**7 Trade and other receivables**

	2012 £000's	2011 £000's
Other receivables	1,209	549
Prepayments and accrued income	117	22
<b>Total trade and other receivables</b>	<b>1,326</b>	<b>571</b>

**8 Amounts due from Group companies**

Intercompany loans have no fixed repayment terms and are non-interest bearing. SEGRO Administration Limited has agreed that it will not demand repayment of these loans within the next twelve months.

**9 Provision for liabilities**

The provision relates to the non-current portion of an unfunded retirement benefit scheme for a retired Director of the ultimate holding company. The provision is released to the income statement as appropriate.

	£000's
Balance at 1 January 2012	247
Credited to income statement	-
<b>Balance at 31 December 2012</b>	<b>247</b>

**SEGRO Administration Limited**  
**Notes to the financial statements (continued)**

**10 Financial Instruments and fair value**

**Financial assets and liabilities**

Financial assets in the Company comprise of amounts due from Group companies and trade and other receivables, both of which are categorised as loans and receivables, and cash and cash equivalents and tax balances, both of which are classified as other financial assets. Financial liabilities comprise trade and other payables, provisions for liabilities and charges and tax balances, all of which are categorised as other financial liabilities. The carrying values of these financial assets and liabilities approximate their fair values.

The Company is not party to any derivative instruments.

**Capital risk management**

The capital structure of the Company is managed by Group Treasury as part of the overall Group position, which is monitored on an ongoing basis by the Treasury Risk Committee and reported quarterly to the Group Board. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns and as such it aims to maintain a prudent mix between debt and equity financing. The current capital structure of the Group is considered appropriate. The parent entity has also indicated its intention to provide the support necessary to ensure the Company remains a going concern.

The Company is not subject to externally imposed capital requirements.

**Financial risk management objectives**

The Group's Treasury function procures all external funding required for the Group's UK operations. It aggregates the total requirement and funds this from the capital markets or banks as and when necessary. It finances all UK subsidiary companies, including the Company, on inter-company current account and manages net financial exposures on an aggregated basis.

**Foreign currency risk management**

The Company does not have any foreign currency exposures or financial instruments denominated in a foreign currency.

**Interest rate risk management**

The Group's aggregate interest rate risk is managed by Group Treasury. The Company is charged interest at 0.5% above the Group's weighted average cost of sterling. The Group's policy states that around 50 to 100 per cent of borrowings should be at fixed interest rates.

**Interest rate swap contracts**

The Company has no interest rate swap contracts.

**Credit risk management**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company and the Group. The main amounts due are from Group companies. The Group's parent entity SEGRO plc has indicated its intention to provide the support necessary to ensure the Group's companies remain going concerns.

At Group level, there is no concentration of credit risk within the lease portfolio as the Group has a well spread diverse customer base. The Directors are of the opinion that the quantum of outstanding debtors compared to the net assets and operating profit of the Group is small and hence credit risk associated with unpaid rent is low. Normally 95% of rent due is collected within 21 days of the due date.

**Liquidity risk management**

Liquidity risk is managed on an aggregate basis for all UK Group operations (including the Company) by Group Treasury. If it is necessary, the Company can rely on the provision of credit through inter-company funding from its parent, SEGRO plc.

**Liquidity and interest risk tables**

The following tables detail the Company's remaining contractual maturity profile for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

**SEGRO Administration Limited**  
**Notes to the financial statements (continued)**

**10 Financial Instruments and fair value (continued)**

**Liquidity and interest risk tables**

The following tables detail the Company's remaining contractual maturity profile for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

	Under 1 year £000's	Between 1-2 years £000's	Between 2-5 years £000's	Over 5 years £000's	Total £000's
<b>2012</b>					
<b>Non interest bearing</b>					
- Trade and other payables	17,821	-	57	-	17,878
- Provision for liabilities and charges	-	35	85	127	247
- Tax	-	-	-	-	-
<b>Total</b>	<b>17,821</b>	<b>35</b>	<b>142</b>	<b>127</b>	<b>18,125</b>
<b>2011</b>					
<b>Non interest bearing</b>					
- Trade and other payables	22,673	-	57	-	22,730
- Provision for liabilities and charges	-	35	85	127	247
- Tax	-	-	-	-	-
<b>Total</b>	<b>22,673</b>	<b>35</b>	<b>142</b>	<b>127</b>	<b>22,977</b>

**Derivative financial instruments**

The Company is not party to any derivative financial instruments.

**11 Trade and other payables**

	2012 £000's	2011 £000's
<b>Current</b>		
Trade payables	1,582	1,110
Other payables	-	-
Other taxation and social security	6,259	9,135
Accruals and deferred income	9,980	12,428
<b>Total trade and other payables due within one year</b>	<b>17,821</b>	<b>22,673</b>
<b>Non current</b>		
Other taxation and social security	57	57
<b>Total trade and other payables due after one year</b>	<b>57</b>	<b>57</b>

**12 Share capital**

	Authorised, issued and fully paid	
	Shares	£000's
<b>Ordinary shares of £1 each</b>		
Balance at 1 January	25,000	25
Shares Issued	10,000,000	10,000
<b>Balance at 31 December</b>	<b>10,025,000</b>	<b>10,025</b>

**13 Share based payment reserve**

	2012 £000's	2011 £000's
Balance at 1 January	691	3,066
Movement in the fair value of share based payments	732	(834)
Transfer to retained earnings	(232)	(1,297)
Other movement	483	(244)
<b>Balance 31 December</b>	<b>1,674</b>	<b>691</b>

This reserve represents the fair value of the share options granted for share based payments (see note 16)

**SEGRO Administration Limited**  
**Notes to the financial statements (continued)**

**14 Reconciliation of cash generated from operations**

	2012	2011
	£000's	£000's
Operating profit/(loss)	626	(9,754)
Adjustments for:		
Share based payments charge	732	(1,078)
Depreciation of plant and equipment	2,053	2,215
Other income reallocated	(187)	-
	3,224	(8,617)
Changes in working capital:		
(Increase)/decrease in debtors	(755)	406
increase/(decrease) in creditors	(4,369)	6,676
<b>Net cash inflow/(outflow) generated from operations</b>	<b>(1,900)</b>	<b>(1,535)</b>

**15 Related party transactions**

During the year the Company entered into the following transactions with related parties	2012	2011
	£000's	£000's
Administration recharge received from Group companies	25,672	25,628
Net increase / (decrease) in loans to SEGRO plc	5,379	(3,204)

Significant balances outstanding between the Company and SEGRO plc group companies are shown below

	Amount receivable	
	2012	2011
Group company	£000's	£000's
SEGRO plc	17,279	11,900

The above balance is not secured and is not interest bearing

The parent company is SEGRO plc. SEGRO plc is also the smallest and largest group of which the Company is a member to prepare group accounts. Copies of the consolidated accounts of SEGRO plc can be obtained from Cunard House, 15 Regent Street, London, SW1Y 4LR, England.

**Directors' and executives' remuneration**

Remuneration paid to Directors and other members of key management during the year are disclosed in Note 3

The Company has an investment in one subsidiary (2011: one). The investment consists of the £1 of issued ordinary share capital of the company. The company is registered in England and Wales.

	Subsidiaries % holding	Activity
Kwacker Limited	50	Investment

**SEGRO Administration Limited**  
**Notes to the financial statements (continued)**

**16 Share-based payments**

The Group operates a number of share-based payment arrangements. Details of these arrangements in which employees of SEGRO Administration Limited participate, are disclosed below.

There are 4 share schemes in the Company: the Long Term Incentive Plan (LTIP), the Share Incentive Plan (SIP), Sharesave and Executive Share Option Plan (ESOP). There is also a Deferred Share Bonus Plan (DSBP) for senior employees whereby 25 per cent of any payment under the Bonus Scheme is deferred in shares. The DSBP is described on page 60 of the group accounts. On 2 April 2012 awards were made over 317,231 shares based on a share price of 234.8 pence, with 15,018 shares lapsing as at 31 December 2012.

**16(i) - Executive share option plan**

The options in the Executive share option plan are exercisable after three years but before ten years, subject to performance conditions. The employee would normally have to remain with the Group for the three year period. If the performance conditions have not been met by the third anniversary of the date of the grant, the options lapse. The performance conditions are based on an increase in adjusted diluted earnings per share by the Retail Price Index (RPI) plus 3 per cent per annum over the three-year period. The last grant under these schemes was made in 2005.

	2012	2011
	Number of options	Number of options
At 1 January	114,526	143,225
Options exercised	-	-
Options expired/lapsed	-	(28,699)
At 31 December	114,526	114,526

The options outstanding at 31 December 2012 were exercisable between 419.2p and 689.2p per share. The grants made since 7 November 2002 have been fair valued using the Black-Scholes model. The main assumptions are as follows:

Grant date	20-Mar-03	29-Apr-05
Exercise price/market price	419.2p	689.2p
Risk-free interest	5.1%	4.8%
Dividend yield	4.8%	4.0%
Volatility	21.3%	21.0%
Term of option	2006-2013	2008-2015
Fair value per Options	61p	106p
	10,591	103,935

\* Not applicable for schemes prior to 7 November 2002.

**16(ii) - Save as you earn (Sharesave)**

The Sharesave options are exercisable after three or five or seven years and are not subject to any performance conditions except the employees must remain with the Group for the term of the option. Options during the year were granted at not less than 80% of the market price of shares on 30 April 2012. During 2012, movements in Sharesave options to subscribe for ordinary shares of the Company are as follows:

	2012	2011
	Number of options	Number of options
At 1 January	397,332	411,248
Options granted	202,507	50,825
Options exercised	(205,270)	(21,363)
Options expired/lapsed	(93,386)	(43,378)
At 31 December	301,183	397,332

The grants made since 7 November 2002 have been fair valued using the Black-Scholes model. The assumptions are as follows:

**Details of share options exercisable at 31 December 2012**

Date of grant	Number of options outstanding	Market price	Exercise price	Risk-free interest rate	Dividend yield	Volatility	Exercisable between three years	Fair value per share	Fair value per share	Fair value per share seven years
								per share	per share	
04 April 2008	3,257	703.2p	562.6p	4.1%	4.8%	46.5%	2011-2015	234p	252p	256p
19 May 2009	42,989	227.5p	182.0p	0.5%	8.7%	53.0%	2012-2014	61p	59p	n/a <sup>1</sup>
29 April 2010	28,877	319.6p	255.7p	1.8%	5.5%	57.0%	2013-2015	112p	118p	n/a <sup>1</sup>
28 April 2011	23,553	321.7p	257.4p	1.8%	4.5%	57.0%	2014-2016	119p	128p	n/a <sup>1</sup>
30 April 2012	202,507	235.3p	188.2p	1.8%	6.8%	54.0%	2015	67p	n/a <sup>2</sup>	n/a <sup>1</sup>
<b>Total</b>	<b>301,183</b>									

<sup>1</sup> The 7 year option was not offered in 2009, 2010, 2011 or 2012.

<sup>2</sup> The 5 year option was not offered in 2012.

**SEGRO Administration Limited**  
**Notes to the financial statements (continued)**

**16(iii) - Long term incentive plan (LTIP)**

Awards are granted at the discretion of the Trustees of the scheme on the recommendation of the Remuneration Committee. Employees are granted awards which vest at the end of a three year period subject to meeting certain performance conditions. The Company did not issue shares but purchased them on the open market and placed them with the Trustees. Dividends were waived.

	2012 Number	2011 Number
At 1 January	3,111,417	2,555,016
Shares granted LTIP	2,055,723	1,587,282
Shares vested/sold	(311,381)	(197,263)
Shares expired/lapsed	(1,119,664)	(833,618)
<b>At 31 December</b>	<b>3,736,095</b>	<b>3,111,417</b>

The Black-Scholes model has been used to fair value the shares granted currently under award. The assumptions used are as follows:

Grant date	28-Apr-10	29-Mar-11	01-May-12
Exercise price/market price	314.7	331.3p	221.1p
Risk-free interest rate	1.8%	1.8%	1.8%
Dividend yield	4.4%	4.5%	6.6%
Volatility	57.0%	54.0%	54.0%
Term of option	3 years	3 years	3/4 years
Fair value per share	275.7p	289.0p	183.0p/171.0p

**16(iv) - Share Incentive plan**

The first award under the SIP was made in May 2003. Eligible employees were awarded shares based on a percentage of their salary, up to a maximum of £3,000. The value of the award was also linked to the Company's prior year performance. In respect of the 2012 award, the shares are held in trust for a minimum of three years.

	2012 Number	2011 Number
At 1 January	204,352	107,443
Shares granted	182,011	112,249
Shares forfeited	(7,743)	(4,029)
Shares released	(59,802)	(11,311)
<b>At 31 December</b>	<b>318,818</b>	<b>204,352</b>

Of the shares outstanding at 31 December 2012 318,818 (2011: 204,352) are held in participants' names.

**SEGRO Administration Limited**  
**Notes to the financial statements (continued)**

**17 Retirement benefit schemes**

**General**

The Company's employees are either members of the defined benefit section of SEGRO Pension Scheme ("the Scheme") or are members of the defined contribution section of the same scheme. The latter section is a separate element of the entire scheme and the following notes exclude any detail relating to the defined contribution section. The Company has no legal liability in respect of the scheme as the entire scheme is in the name of the ultimate parent company, SEGRO plc, whose accounts reflect the full outstanding liability. The Company makes specific contributions to the scheme for both defined benefit and defined contribution sections based on the amounts requested by the actuaries. There is no formal, contractual relationship between SEGRO plc and the Company in regard to the Scheme.

**Defined benefit scheme**

The Scheme's assets are held by trustees separately from the assets of the employer. Contributions to the Scheme, which are assessed in accordance with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method of calculation, are charged to the income statement so as to spread the cost of pensions over employees' working lives with the Company.

The valuation of the Scheme has been based on the most recent actuarial valuation at 31 March 2010 and updated by the independent actuaries in order to assess the liabilities of the scheme at 31 December 2012. Assets of the scheme are stated at their market value at 31 December 2012.

**Actuarial assumptions**

The projected unit method of valuation was used for the scheme and the financial assumptions, except where indicated to the contrary, used to calculate the scheme's liabilities are as follows:

	2012 %	2011 %
Discount rate for Scheme liabilities	4.5	4.8
Rate of Inflation (RPI/CPI)	3 1/2 5	3 1/2 3
Rate of increase to pensions in payment in excess of GMP		
Before April 2003	4.3	4.2
From April 2003 to October 2005	2.9	3.0
After October 2005	2.0	2.1
Rate of general long-term increase in salaries	4.1	5.1

The long term rates of return at the balance sheet date were as follows:

	Expected return 2012 %	Analysis of assets 2012 £m	Expected return 2011 %	Analysis of assets 2011 £m
Equities	7.5	51.7	7.5	44.5
Gilts	2.7	46.1	2.9	44.5
Bonds	4.1	33.4	4.6	30.7
Other assets	0.9	0.8	1.0	0.8
<b>Overall</b>	<b>4.9</b>	<b>132.0</b>	<b>5</b>	<b>120.5</b>

The mortality rates used were as follows:

	Life expectancy at age 65 (years)	
	Male	Female
Current pensioners	23.8	23.9
Future pensioners	24.9	25.2

Both life expectancy estimates use the standard S1PA base tables with a scaling factor of 80 per cent for males and 100 per cent for females. Future improvements to the life expectancy are in line with CMI 2009 projections with an assumed long-term rate of improvement of one per cent p.a.

The expected return on plan assets is a blended average of projected long term returns for the various asset classes. Asset class returns are based on a forward looking building block approach. Equity returns are developed based on the selection of an equity risk premium above the risk free rate which is measured in accordance with the yields on government bonds. Bond and gilt returns are selected by reference to the yields on government and corporate debt as appropriate to the scheme's holdings of these instruments.

**SEGRO Administration Limited**  
**Notes to the financial statements (continued)**

**17 Retirement benefit schemes (continued)**

The most recent full formal actuarial valuation for the scheme has been updated by qualified actuaries for the financial year ended 31 December 2012 to provide the IAS 19 disclosure below

Analysis of the Scheme's assets at 31 December is as follows:

	2012 £m	2011 £m	2012 %	2011 %
Equities	51.7	44.5	39.2	36.9
Corporate Bonds	46.1	30.7	34.9	25.5
Government Bonds	33.4	44.5	25.3	36.9
Other	0.8	0.8	0.6	0.7
	<b>132.0</b>	<b>120.5</b>	<b>100.0</b>	<b>100.0</b>

The scheme has no investments in the Company's equity securities or in property currently used by the Company

**Fair value of the assets and liabilities of the Scheme**

The amount included in the balance sheet of SEGRO plc arising from the obligations of the scheme is as follows

Analysis of net assets/(deficits)	2012 £m	2011 £m
Market value of schemes' assets	132.0	120.5
Present value of funded scheme's liabilities	(140.5)	(127.4)
<b>Net liability included in the books of SEGRO plc</b>	<b>(8.5)</b>	<b>(6.9)</b>

**Reconciliation of the assets and liabilities of the Scheme**

	2012 £m	2011 £m
<b>Movement in assets</b>		
At 1 January	120.5	110.7
Expected return on scheme assets	6.1	7.0
Actuarial gains	4.9	0.5
Employer cash contributions	3.8	6.4
Member cash contributions	0.2	0.2
Benefits paid	(3.5)	(4.3)
<b>At 31 December</b>	<b>132.0</b>	<b>120.5</b>
<b>Movement in liabilities</b>		
At 1 January	127.4	119.2
Service cost	0.6	0.7
Past service cost	-	(0.9)
Interest cost	6.0	6.4
Member contributions	0.1	0.2
Actuarial (gains)/losses	9.8	6.1
Benefits paid	(3.4)	(4.3)
<b>At 31 December</b>	<b>140.5</b>	<b>127.4</b>
<b>Net deficit before related deferred tax at 31 December</b>	<b>(8.5)</b>	<b>(6.9)</b>

The actual return on the Scheme assets in the year was a gain of £11.0 million (2011 gain of £7.5 million)

The expected regular employer's contributions to be paid in the year ending 31 December 2013 are £3.9 million