

Registration number: 4205834

SEGRO Asset Management Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2021

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SEGRO Asset Management Limited

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SEGRO Asset Management Limited

Company Information

Directors	A. J. Pilsworth
	A. M. Holland
	A. O. Peters
	J. W. Craddock
	D. R. Proctor
Company secretary	J. Foo
Registered office	1 New Burlington Place
	London
	W1S 2HR

SEGRO Asset Management Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present their Strategic Report for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is property investment and development, specialising in the provision of modern buildings, mostly industrial, designed to meet the requirements of individual tenants. These developments are let on fully repairing and insuring leases and retained by the Company as investments.

This is a private company limited by shares incorporated in England and Wales. Details of the Company's registered office is set out in the Company information on page 1.

Business review

Fair review of the business

The Company has performed in line with expectations and the Directors are satisfied with the year-end position.

The results for the Company show a pre-tax result of £0.3m (2020: £Nil). The Company is in a net liability position at the year end. The Directors are satisfied that the financial statements have been prepared on a going concern basis. For further disclosure see the Directors' Report under going concern.


Key Performance Indicators (KPIs)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance, or position of the business. KPIs are disclosed within the SEGRO plc Annual Report and Accounts for the year ended 31 December 2021.

Covid-19

The onset of the Covid-19 pandemic had wide reaching implications for stakeholders of the Company and the SEGRO Group. The Group and the Company continue to monitor the situation and have taken actions to mitigate its impacts including on our operations, the health and wellbeing of our employees and to support our stakeholders.

Approved by the Board on 4 August 2022 and signed on its behalf by:

DocuSigned by:

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A. O. Peters
Director

SEGRO Asset Management Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the unaudited financial statements of the Company for the year ended 31 December 2021.

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 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 for the forthcoming year.

- Macroeconomic impact on Market Cycle
- Portfolio Strategy and Execution
- Major event/business disruption
- Health and Safety
- Environmental Sustainability and Climate Change
- Development Plan execution
- Financing Strategy
- Political and Regulatory
- Operational delivery and compliance

These risks and uncertainties are described in greater detail together with mitigating factors on pages 78 to 83 of the SEGRO plc Annual Report and Accounts for the year ended 31 December 2021.

Going concern

The financial statements have been prepared on a going concern basis, as the Directors intend the Company to maintain the same level of activity during the forthcoming year. The Company is in a net liability position. The Company is funded via an inter-company non-current account provided by the Company's ultimate parent, SEGRO plc, which has confirmed its continuing financial support and therefore the Directors consider the Company is in a position to meet its liabilities as they fall due. It is agreed that no inter-Group lender has any intention to require the loan to be repaid, in whole or in part, for at least 12 months from the date of signing of the financial statements. If the entity is unable to meet its liabilities as they fall due, it is the intention of SEGRO plc to provide financial support as necessary for at least 12 months from the signing of the financial statements.

The Directors, having assessed the responses of the Directors of the Company's ultimate parent SEGRO plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the SEGRO plc group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of SEGRO plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Future developments

The Directors expect the general level of activity to remain consistent with the current year in the forthcoming years. This is due to the straightforward nature of the business in which the Company operates.

Management continue to monitor the ongoing conflict in Ukraine and the impact on the business. This includes an assessment of the economic sanctions held against Russia.

Employees

There were no employees directly employed by the Company during the year (2020: none).

SEGRO Asset Management Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Dividends

Dividends paid and dividends recommended in respect of the current and prior year are disclosed within the dividends note.

Directors of the Company

The directors of the Company who were in office during the year and up to the date of signing the financial statements, were as follows:

A. J. Pilsworth

A. M. Holland

A. O. Peters

J. W. Craddock

D. R. Proctor

Directors' indemnity provision

A qualifying third party indemnity provision (as defined in S234 of the Companies Act 2006) was in force for the benefit of the Directors of the Company during the financial year and at the date of the approval of the financial statements.

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.


Subsequent events

Details of the significant events affecting the Company since the year end are included in the subsequent events note.

Audit exemption taken for the year ended 31 December 2021

The company is exempt from the requirement of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of the Act, as disclosed on page 215 of SEGRO Plc Annual Report and Accounts 2021. The ultimate holding company and controlling party is SEGRO plc.

Approved by the Board on 4 August 2022 and signed on its behalf by:

DocuSigned by:

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A. O. Peters
Director

SEGRO Asset Management Limited

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

SEGRO Asset Management Limited**Income Statement for the Year Ended 31 December 2021**

	Note	2021 £ 000	2020 £ 000
Revenue		300	-
Administrative expenses		-	-
Realised and unrealised property gain/(loss)		-	-
Operating profit		300	-
Profit before tax		300	-
Income tax (expense)/credit		-	-
Profit for the financial year		300	-

The above results were derived from continuing operations.

SEGRO Asset Management Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021	2020
	£ 000	£ 000
Profit for the financial year	300	-
Other comprehensive income/(expense) for the year, net of tax	-	-
Total comprehensive income for the year	<u>300</u>	<u>-</u>

The notes on pages 10 to 16 form an integral part of these financial statements.

SEGRO Asset Management Limited**(Registration number: 4205834)****Statement of Financial Position as at 31 December 2021**


	Note	2021 £ 000	2020 £ 000
Non-current assets			
Amounts due from group undertakings		-	438
Current assets			
Trade and other receivables	4	-	1
Total assets		<u>-</u>	<u>439</u>
Creditors: Amounts falling due within one year			
Trade and other payables	7	-	(1,240)
Net current liabilities		<u>-</u>	<u>(1,239)</u>
Total assets less current liabilities		-	(801)
Creditors: Amounts falling due after more than one year	8	<u>(501)</u>	<u>-</u>
Net liabilities		<u><u>(501)</u></u>	<u><u>(801)</u></u>
Equity			
Called up share capital	9	-	-
Revaluation reserve		-	-
Retained earnings/(accumulated losses)		<u>(501)</u>	<u>(801)</u>
Total shareholders' deficit		<u><u>(501)</u></u>	<u><u>(801)</u></u>

For the year ending 31 December 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The Directors have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 6 to 16 were approved by the Board on 4 August 2022 and signed on its behalf by:

DocuSigned by:

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A. O. Peters
 Director

The notes on pages 10 to 16 form an integral part of these financial statements.

SEGRO Asset Management Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital	Retained earnings	Total
	£ 000	£ 000	£ 000
At 1 January 2021	-	(801)	(801)
Profit for the financial year	-	300	300
	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	300	300
	<hr/>	<hr/>	<hr/>
At 31 December 2021	-	(501)	(501)
	<hr/>	<hr/>	<hr/>

	Share capital	Retained earnings	Total
	£ 000	£ 000	£ 000
At 1 January 2020	-	(801)	(801)
Profit/(loss) for the financial year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income/(expense)	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2020	-	(801)	(801)
	<hr/>	<hr/>	<hr/>

The notes on pages 10 to 16 form an integral part of these financial statements.

SEGRO Asset Management Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

1 General information

General

SEGRO Asset Management Limited ("the Company") is a private company limited by share capital incorporated and domiciled in the United Kingdom. The address of its registered office is 1 New Burlington Place, London, W1S 2HR, England. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

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 and is the functional currency of the Company.

These financial statements were prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework'. These financial statements are separate financial statements.

The Company is exempt from the preparation of consolidated financial statements, because it is included in the financial statements of SEGRO plc. The Group financial statements of SEGRO plc for the year ended 31 December 2021 are available to the public and can be obtained as set out in note 10.

2 Significant accounting policies

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard, for all periods presented, in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, share based payments, presentation of a cash-flow statement, disclosures in respect of the compensation of key management personnel, related parties and disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities and standards not yet effective.

Where relevant, equivalent disclosures have been given in the Group financial statements of SEGRO plc for the year ended 31 December 2021. The Group financial statements of SEGRO plc are available to the public and can be obtained as set out in note 10.

As the Company is a subsidiary of the SEGRO plc group, it is managed on a unified basis as part of the SEGRO plc group.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

There are standard accounting policies followed by the Group and they are included within this note for standardised presentation across all financial statements as the Group has a significant number of subsidiaries.

SEGRO Asset Management Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties that are measured at fair value through profit or loss, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies applied in the preparation of these financial statements are set out below, and have, unless otherwise stated, been consistently applied to all periods presented in these financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Adoption of new and revised Standards

The following standards and amendments have been adopted by the Company for the first time for the financial year beginning on 1st January 2021:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendment did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2.

The financial statements have been prepared on a going concern basis, as the Directors intend the Company to maintain the same level of activity during the forthcoming year. The Company is in a net liability position. The Company is funded via an inter-company non-current account provided by the Company's ultimate parent, SEGRO plc, which has confirmed its continuing financial support and therefore the Directors consider the Company is in a position to meet its liabilities as they fall due. It is agreed that no inter-Group lender has any intention to require the loan to be repaid, in whole or in part, for at least 12 months from the date of signing of the financial statements. If the entity is unable to meet its liabilities as they fall due, it is the intention of SEGRO plc to provide financial support as necessary for at least 12 months from the signing of the financial statements.

The Directors, having assessed the responses of the Directors of the Company's ultimate parent SEGRO plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the SEGRO plc group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of SEGRO plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

SEGRO Asset Management Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

Investments

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.

Impairment of non-financial assets

The Company's non-financial assets, excluding investment properties, are reviewed at each reporting date to assess impairment. Where indication of impairment exists, the asset's recoverable amount is estimated, and if found to be lower than its carrying value, it is written down to the recoverable amount. The impairment loss is taken to the Income Statement. The recoverable amount is the higher of an asset's net selling price and its value-in-use (i.e. the net present value of its future cash flows, discounted at a pre-tax interest rate that reflects the borrowing costs and risks for the asset).

An impairment loss is reversed if estimates for the recoverable amount change, but only to the extent that its carrying amount after reversal does not exceed the net asset value that would arise had there been no impairment loss.

Where the Company has investments in subsidiaries which have been liquidated, the subsidiaries distributes its remaining net assets up to the parent company via an intercompany dividend. The parent company will offset this dividend against its investment in the subsidiary and will write off/release any residual balance left over as an impairment charge to the Income Statement.

Leases as a lessee

Leases where substantially all of the risks and rewards of ownership are transferred to the lessee are classified as finance leases. All others are deemed operating leases. Under operating leases, properties leased to tenants are accounted for as investment properties. In cases where only the buildings part of a property lease qualifies as a finance lease, the land is shown as an investment property.

The ROU asset is measured at a cost based on the amount of the initial measurement of the lease liability, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received.

The ROU asset (other than the ROU assets that relate to land that meets the definition of investment property under IAS 40) is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment. ROU assets are included in the heading Property, plant and equipment, and the lease liability included in the headings current and non-current Trade and other payables on the Statement of Financial Position.

Where the ROU asset relates to land or property that meets the definition of investment property under IAS 40, after initial recognition the ROU asset is subsequently accounted for as investment property and carried at fair value (see Investment properties accounting policy). Valuation gains and losses in a period are taken to the Income Statement. The ROU assets are included in the heading Investment properties, and the lease liability in the headings current and non-current Trade and other payables on the Statement of Financial Position.

The Company has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or for low value leases. The payments for such leases are recognised in the Income Statement on a straight-line basis over the lease term.

SEGRO Asset Management Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

Loans

Loans, other than bank overdrafts, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the profit and loss account over the period of the loans, using the effective interest method.

Gross borrowing costs relating to direct expenditure on properties under development or undergoing major refurbishment are capitalised. The interest capitalised is calculated using the weighted average cost of the loan. Interest is capitalised as from the commencement of the development work until the practical day of completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

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 Group will not be able to collect in full.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Income tax expense

Income tax on the profit for the year comprises current and deferred tax. Current tax is the tax payable on taxable income for the year and any adjustment in respect of previous years.

Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that suitable taxable profits will be available against which deductible temporary differences can be utilised.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revisions and future periods if the revision affects both current and future periods.

Management have not identified any specific critical accounting judgements and key sources of estimation uncertainty in the current or prior period.

SEGRO Asset Management Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

4 Trade and other receivables

	2021 £ 000	2020 £ 000
Prepayments and accrued income	-	1
Total	-	1

Trade receivables are presented in the balance sheet net of loss allowances. The Group applies the IFRS 9 simplified approach to measuring expected credit losses ('ECLs') which uses a lifetime expected loss allowance for all trade receivables. Expected loss rates are based on the historic credit loss experienced and adjusted for current and forward information affecting the ability of the individual customers to settle receivables. In the current reporting period, the current and forward information considers the impact of Covid-19. Trade receivables are written off when there is no reasonable expectation of recovery.

Trade receivables held at 31 December 2020 includes amounts billed for 2020 rent and amounts billed in advance for 2021 rent, and both amounts have been considered for ECLs. In determining the ECLs an analysis of various factors has been performed on a customer by customer basis and considers the impact of Covid-19 and economic conditions. These factors include an assessment of the customer's default risk based on industry and payment record. ECLs are recognised net of securities held for the customer.

Loss allowances, amounts written off and recoveries of amounts previously written off are accounted in cost within operating profit. These amounts were £Nil for the year ended 31 December 2021 (2020: £Nil).

The other financial assets and lease incentive balances held by the Group have been considered for impairment based on historical default rates over the expected life and are adjusted for forward-looking information. Based on that analysis, no material loss allowances are held against these assets in the current and prior period.

SEGRO Asset Management Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

5 Financial instruments

Financial assets and liabilities

Financial assets in the Company comprise trade and other receivables (excluding prepayments), inter-company receivables and cash and cash equivalents, which are categorised as financial assets at amortised costs. Financial liabilities comprise inter-company debt, which is categorised as financial liabilities and measured at amortised cost, and trade and other payables (excluding rent in advance, and tax balances) which are categorised as other financial liabilities. The carrying values of these financial assets and liabilities approximate their fair value.

The Company is funded via an inter-company non-current account ultimately provided by the Group's parent entity SEGRO plc. Where the Company is trading this is charged at an interest rate of 1.75% (2020: 1.85%). *Where the Company is not trading the non-current account is not interest bearing. This advance has no set maturity date although the parent entity has undertaken to give 12 months notice of any demand for repayment of the balance. To date no such notice has been issued. The parent entity has also indicated its intention to provide the support necessary to ensure the Company remains a going concern.*

The Company has no bank debt, is not party to any derivative instruments and has no foreign currency exposures as 100% of its business is UK based.

6 Dividends

A dividend of £Nil was recognised during the year ended 31 December 2021 (2020: £Nil). After the balance sheet date, dividends of £Nil (2020: £Nil) were proposed by the Directors and paid. The dividends proposed after the balance sheet date have not been provided for in the current year financial statements.

7 Trade and other payables

	2021 £ 000	2020 £ 000
Other payables	-	1,240

8 Creditors: Amounts falling due after more than one year

	2021 £ 000	2020 £ 000
Amounts owed to group undertakings	501	-

Where the Company is trading, its amounts owed to Group undertakings are charged at an interest rate of 1.75% (2020: 1.85%). Where the Company is not trading the non-current account is not interest bearing. The amounts due have no fixed repayment terms.

9 Called up share capital

The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at the general meetings of the Company.

SEGRO Asset Management Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

9 Called up share capital (continued)

Allotted, called up and fully paid shares

	31 December 2021		31 December 2020	
	No.	£	No.	£
Ordinary of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

10 Parent and ultimate parent undertaking

The immediate parent undertaking is Brixton Asset Management UK Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is SEGRO plc. Copies of the SEGRO plc consolidated financial statements can be obtained from 1 New Burlington Place, London, W1S 2HR, England.

The ultimate controlling party is SEGRO plc.

11 Subsequent events

There have been no significant events since year end.