

Registration number: 4523671

Brixton Northfields 5 Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2018

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Brixton Northfields 5 Limited

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Brixton Northfields 5 Limited

Company Information

Directors

A. J. Pilsworth
G. J. Osborn
A. O. Peters
A. M. Holland
S. C. Pursey

Company secretary E. A. Blease

Registered office Cunard House
15 Regent Street
London
SW1Y 4LR

Brixton Northfields 5 Limited

Strategic Report for the Year Ended 31 December 2018

The Directors present their Strategic Report for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is historically property investment and development, specialising in the provision of modern buildings, mostly industrial, designed to meet the requirements of individual tenants.

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.

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 £Nil (2017: result £Nil).

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.

Economic risks

- Disruptive Brexit; and
- Failure to anticipate political and regulatory change

Financial risks

- Failure in the design or execution of the financing strategy leading to liquidity or solvency crises, financial loss or financial distress

Operational and compliance risks

- Health and safety incidents;
- Environmental damage and failure to respond to the consequences of climate change;
- Cyber security breach;
- Structural failure or incident involving one of our assets;
- Supply chain failure;
- Major customer default;
- Failure to attract, retain and motivate key employees; and
- Breach of anti-bribery and corruption legislation or other legislation

Investment real estate risks

- Market cycle;
- Investment plan execution;
- Development plan execution; and
- Portfolio strategy

These risks and uncertainties are described in greater detail together with mitigating factors on pages 52 to 58 of the SEGRO plc Annual Report and Accounts for the year ended 31 December 2018.


Brixton Northfields 5 Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

Key Performance Indicator (KPI)

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 2018.

Approved by the Board on 28 June 2019 and signed on its behalf by:

DocuSigned by:

0829008994D54C9.....
S. C. Pursey
Director

Brixton Northfields 5 Limited

Directors' Report for the Year Ended 31 December 2018

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2018.

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

G. J. Osborn

A. O. Peters

A. M. Holland

S. C. Pursey

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.

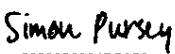
Subsequent events

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

Audit exemption taken for the year ended 31 December 2018

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 169 of SEGRO Plc Annual Report and Accounts 2018. The ultimate holding company and controlling party is SEGRO plc.

Approved by the Board on 28 June 2019 and signed on its behalf by:

DocuSigned by:

.....0629006094D54C8.....
S. C. Pursey
Director

Brixton Northfields 5 Limited**Income Statement for the Year Ended 31 December 2018**

	Note	2018 £ 000	2017 £ 000
Revenue		-	-
Administrative expenses		-	-
Realised and unrealised property gain/(loss)		-	-
Operating profit/(loss)		-	-
Profit/(loss) before tax		-	-
Income tax (expense)/credit	4	-	-
Profit/(loss) for the financial year		-	-

The above results were derived from continuing operations.

Brixton Northfields 5 Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	2018	2017
	£ 000	£ 000
Profit/(loss) for the financial year	-	-
Other comprehensive income/(expense) for the year, net of tax	-	-
Total comprehensive income/(expense) for the year	-	-

The notes on pages 9 to 14 form an integral part of these financial statements.

Brixton Northfields 5 Limited
(Registration number: 4523671)
Statement of Financial Position as at 31 December 2018


		31 December 2018 £ 000	31 December 2017 £ 000
	Note		
Total assets		-	-
Net current assets/(liabilities)		-	-
Total assets less current liabilities		-	-
Creditors: Amounts falling due after more than one year	6	-	(3,024)
Equity			
Called up share capital	7	-	-
Revaluation reserve		-	-
Retained earnings		-	(3,024)
Total shareholders' deficit		-	(3,024)

For the year ending 31 December 2018 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The member 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 5 to 14 were approved by the Board on 28 June 2019 and signed on its behalf by:

DocuSigned by:

 8829008994D54C9...
 S. C. Pursey
 Director

The notes on pages 9 to 14 form an integral part of these financial statements.

Brixton Northfields 5 Limited**Statement of Changes in Equity for the Year Ended 31 December 2018**

	Share capital	Revaluation	Retained	
	£ 000	reserve	earnings	Total
		£ 000	£ 000	£ 000
At 1 January 2018	-	-	(3,024)	(3,024)
Profit/(loss) for the year	-	-	-	-
Total comprehensive income	-	-	-	-
Dividends	-	-	3,024	3,024
At 31 December 2018	-	-	-	-

	Share capital	Revaluation	Retained	
	£ 000	reserve	earnings	Total
		£ 000	£ 000	£ 000
At 1 January 2017	-	-	(3,024)	(3,024)
Profit/(loss) for the financial year	-	-	-	-
Total comprehensive income/(expense)	-	-	-	-
At 31 December 2017	-	-	(3,024)	(3,024)

The details of the dividend repayment are disclosed in Note 10.

Brixton Northfields 5 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018

1 General information

General

Brixton Northfields 5 Limited ("the Company") is a private company limited by share capital incorporated and domiciled in England and Wales. Details of the Company's registered office is set out in the Company information on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 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 and is the functional currency of the Company.

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 2018 are available to the public and can be obtained as set out in note 8.

2 Significant accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

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 2018. The Group financial statements of SEGRO plc are available to the public and can be obtained as set out in note 8.

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.

Brixton Northfields 5 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

2 Significant accounting policies (continued)

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments 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 IAS 17, 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 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from contracts with customers'
- Amendments to IAS 40, 'Investment property' relating to transfers of investment property
- Annual improvements to IFRSs 2014-2016 Cycle
- IFRIC 22 'Foreign currency transactions and advance consideration'
- Amendments to IFRS 2, 'Share-based payments', on clarifying how to account for certain types of share-based payment transactions

The Company had to change its accounting policies following the adoption of IFRS 9 and 15 but there were no retrospective adjustment following the adoption. This is disclosed further below. The other amendments did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

IFRS 9 Financial Instruments

IFRS 9 replaces the provision of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liability, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 resulted in no reclassification of financial assets in the current or previous reporting period, no material change in the loss allowance recognised under IFRS 9 for financial assets compared to that held under IAS 39 and there were no other adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions, comparative figures have not been restated.

Brixton Northfields 5 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

2 Significant accounting policies (continued)

IFRS 15 Revenue from Contracts with Customers

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018.

IFRS 15 does not apply to rental income which makes up Nil per cent of total revenue of the Company, but does apply to other non-core revenue streams; service charge income, management fees and trading property disposals. IFRS 15 did not have a material impact on the timing of revenue recognition for the non-core income streams for the Company. There were no adjustments to the amounts recognised in these financial statements and no restatement of the comparative period. The accounting policies for 'Service charges and other recoveries from tenants' and 'Sale of trading properties' have been updated in line with these new IFRS 15 requirements.

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.

Brixton Northfields 5 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Significant areas of estimation uncertainty

Property valuations

Valuation of property is a central component of the business. In estimating the fair value, the Group engage a third party qualified valuer to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of the property portfolio is disclosed in the Investment Properties note of the SEGRO plc Annual Report and Accounts for the year ended 31 December 2018.

Significant areas of judgement in applying the Company's accounting policies

Accounting for significant property transactions

Property transactions are complex in nature. Management considers each material transaction separately, with an assessment carried out to determine the most appropriate accounting treatment and judgements applied. The judgements include whether the transaction represents an asset acquisition or business combination and the cut off for property transactions on recognition of property assets and revenue recognition. In making its judgement over the cut-off for property transactions, management considers whether the control of ownership of the assets acquired or disposed of has transferred to or from the Group (this consideration includes the revenue recognition criteria set out in IFRS 15 Revenue for the sale of trading properties). In making its judgement on whether the acquisition of property through the purchase of a corporate vehicle represents an asset acquisition or business combination, management consider whether the integrated set of assets and activities acquired contain both input and processes along with the ability to create outputs.

REIT Status

SEGRO Plc has elected for UK REIT status. To continue to benefit from this tax regime, the Group and Company is required to comply with certain conditions as outlined in Note 10 of the SEGRO plc Annual Report and Accounts for the year ended 31 December 2018. Management intends that the Group and Company should continue as a UK REIT for the foreseeable future.

4 Income tax (expense)/credit

Tax charged/(credited) in the Income Statement:

	2018 £ 000	2017 £ 000
Total current income tax	-	-

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

Brixton Northfields 5 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

4 Income tax (expense)/credit (continued)

	2018 £ 000	2017 £ 000
Profit/(loss) before tax	-	-
Less: revaluation movement not taxable	-	-
Adjusted profit /(loss) on ordinary activities before tax	-	-
Corporation tax at standard rate	-	-
REIT tax exemption	-	-
Total tax charge/(credit)	-	-

The standard rate of UK corporation tax is due to fall in stages to 17% by April 2020. This is unlikely to significantly impact the Company's tax charge.

SEGRO plc elected during 2007 to become a Real Estate Investment Trust (REIT) for UK tax purposes with effect from 1 January 2007. As a result, no UK corporation tax should be due on future income or capital gains in respect of investment properties within the REIT group, of which the Company is a member.

5 Dividends

A dividend of £Nil was recognised during the year ended 31 December 2018 (2017: £Nil). After the balance sheet date, dividends of £Nil (2017: £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.

6 Creditors: Amounts falling due after more than one year

	31 December 2018 £ 000	31 December 2017 £ 000
Amounts owed to group undertakings	-	3,024

Where the Company is trading, its amounts owed to Group undertakings are charged at the Group's average cost of sterling borrowings plus 0.5%. Where the Company is not trading the non-current account is not interest bearing. For the current year the rate charged was 2.1% (2017: 3.8%). The amounts due have no fixed repayment terms.

Brixton Northfields 5 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2018 (continued)

7 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.

Allotted, called up and fully paid shares

	31 December 2018		31 December 2017	
	No.	£	No.	£
Ordinary of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

8 Parent and ultimate parent undertaking

The immediate parent undertaking is Brixton 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 Cunard House, 15 Regent Street, London, SW1Y 4LR, England.

The ultimate controlling party is SEGRO plc.

9 Subsequent events

There have been no significant events since year end.

10 Repayment of dividend

During the year ended 31 December 2015 the Company disposed of all its investment properties. The revaluation reserve in relation to these properties became realised at the time of disposal. This reserve, amounting to a deficit of £3,023,942 should have been transferred from Revaluation Reserve to Retained Earnings in the Statement of Changes in Equity for the year ended 31 December 2015, however the transfer between the reserves did not take place. This resulted in incorrect opening balances of the Revaluation Reserve and Retained earnings as at 1 January 2016. The balances were restated in the prior year to correctly reflect the transfer between reserves which should have occurred following the disposal of investment properties in the year 2015.

As agreed in the prior year, the immediate parent, Brixton Limited, has repaid the excess dividend of £3,023,942 during the year. The directors of the Company undertake to make no further distributions until such time as there are reserves available for the purpose.