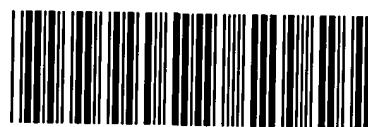


Registration number: 07208159

SEGRO APP 3 Limited

Restated Annual Report and Unaudited Financial Statements
for the Year Ended 31 December 2020

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SEGRO APP 3 Limited

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SEGRO APP 3 Limited

Company Information

Directors	A. J. Pilsworth
	A. M. Holland
	A. O. Peters
	J. W. Craddock (appointed 16 March 2020)
	D. R. Proctor (appointed 18 Nov 2020)

Company secretary	J. Foo (appointed 3 November 2021)
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Registered office	1 New Burlington Place London W1S 2HR
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SEGRO APP 3 Limited

Strategic Report for the Year Ended 31 December 2020

The Directors present their Strategic Report for the year ended 31 December 2020.

Principal activities

The principal activity of the Company is to act as a holding company.

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 profit of £4m (2019: loss £2m). The Company is in a net asset 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.

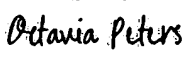
Key Performance Indicators (KPIs)

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 2020.

Covid-19

The onset of the Covid-19 pandemic had wide reaching implications for stakeholders of the Company and the SEGRO Group. The implications on the Company and Group's employees, customers, development programme, suppliers, communities and financing is detailed on pages 20 to 23 of the SEGRO plc Annual Report and Accounts for the year ended 31 December 2020. Rent collection levels have been impacted by the Covid-19 pandemic, Note 13 details the approach to calculating expected credit losses, the loss allowance held at year end and the expense recognised in the Income Statement. The Group and the Company continue to monitor the situation and the effects it may have. The Group and the Company have been able to continue operating by implementing remote working practices.

Approved by the Board on 23 November 2021 and signed on its behalf by:

DocuSigned by:

2FE2664807A6413.....
A. O. Peters
Director

SEGRO APP 3 Limited

Directors' Report for the Year Ended 31 December 2020

The Directors present their report and the unaudited financial statements of the Company for the year ended 31 December 2020.

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

- Financial strategy: the risk of acute liquidity or solvency crisis, financial loss or financial distress as a result of a failure in the design or execution of its financial strategy.

Operational and compliance risks

- Major event/business disruption | event (such as Covid-19 pandemic);
- Health and safety incidents;
- Environmental sustainability and failure to anticipate and respond to risks from climate change on the sustainability of our environment;
- Structural failure of one of our assets;
- Supply chain failure;
- Major customer default;
- Failure to attract, retain and motivate key employees; and
- Compliance failures, such as breaches of joint venture shareholders' agreements, loan agreements or tax legislation.

Investment real estate risks

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

These risks and uncertainties are described in greater detail together with mitigating factors on pages 76 to 81 of the SEGRO plc Annual Report and Accounts for the year ended 31 December 2020.

SEGRO APP 3 Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

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 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.

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. This assessment includes the risks and impact from Covid-19 on the SEGRO plc group and the Company and the significant available liquidity to meet the Group's operational requirements and capital commitments for the foreseeable future.

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.

Employees

There were no employees directly employed by the Company during the year (2019: none).

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

S. C. Pursey (resigned 16 March 2020)

A. O. Peters

J. W. Craddock (appointed 16 March 2020)

D. R. Proctor (appointed 18 Nov 2020)

SEGRO APP 3 Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

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.

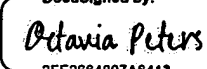
Subsequent events

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 2020

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 199 of SEGRO Plc Annual Report and Accounts 2020. The ultimate holding company and controlling party is SEGRO plc.

Approved by the Board on 23 November 2021 and signed on its behalf by:

DocuSigned by:

.....2FE2804807A6413.....
A. O. Peters
Director

SEGRO APP 3 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 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.

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.

SEGRO APP 3 Limited**Income Statement for the Year Ended 31 December 2020**

	Note	2020 £ 000	2019 £ 000
Revenue		-	-
Administrative expenses	4	-	-
Gain/(loss) on investments		<u>4,222</u>	<u>(2,110)</u>
Operating profit/(loss)		<u>4,222</u>	<u>(2,110)</u>
Profit/(loss) before tax		4,222	(2,110)
Income tax (expense)/credit	5	<u>-</u>	<u>-</u>
Profit/(loss) for the financial year		<u><u>4,222</u></u>	<u><u>(2,110)</u></u>

The above results were derived from continuing operations.

SEGRO APP 3 Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020	2019
	£ 000	£ 000
Profit/(loss) for the year	4,222	(2,110)
Other comprehensive income/(expense) for the year, net of tax	-	-
Total comprehensive income/(expense) for the year	<u>4,222</u>	<u>(2,110)</u>

The notes on pages 11 to 20 form an integral part of these financial statements.

SEGRO APP 3 Limited

(Registration number: 07208159)

Statement of Financial Position as at 31 December 2020

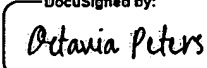
	Note	31 December 2020 £ 000	31 December 2019 £ 000
Non-current assets			
Amounts due from group undertakings	11	79,522	75,300
Total assets		<u>79,522</u>	<u>75,300</u>
Net current assets/(liabilities)		<u>-</u>	<u>-</u>
Total assets less current liabilities		<u>79,522</u>	<u>75,300</u>
Equity			
Called up share capital	9	-	-
Revaluation reserve		-	-
Retained earnings		79,522	75,300
Total shareholders' funds		<u>79,522</u>	<u>75,300</u>

For the year ending 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The Members 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 7 to 20 were approved by the Board on 23 November 2021 and signed on its behalf by:

DocuSigned by:

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A. O. Peters
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

SEGRO APP 3 Limited**Statement of Changes in Equity for the Year Ended 31 December 2020**

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	-	75,300	75,300
Profit for the year	-	4,222	4,222
Total comprehensive income	-	4,222	4,222
At 31 December 2020	-	79,522	79,522

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	-	77,410	77,410
Loss for the financial year	-	(2,110)	(2,110)
Total comprehensive expense	-	(2,110)	(2,110)
At 31 December 2019	-	75,300	75,300

The notes on pages 11 to 20 form an integral part of these financial statements.

SEGRO APP 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020

1 General information

General

SEGRO APP 3 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 2020 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 2020. 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 APP 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (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 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 2020:

- Definition of a Business - amendments to IFRS 3
- Definition of Material - amendments to IAS 1 and IAS 8
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The impact of the adoption of the amendments to IFRS 3, 'Business combinations', definition of a business is disclosed further below. Other standards and 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.

Amendments to IFRS 3 'Business Combinations', definition of a business, provides a revised framework for evaluating a business and introduces an optional 'concentration test'. The amendment impacts the assessment and judgements used in determining whether property transactions represent an asset acquisition or business combination. As a result of the amendment it is expected that future transactions are more likely to be treated as an asset acquisition.

SEGRO APP 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Significant accounting policies (continued)

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 pages 2 and 3.

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 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.

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. This assessment includes the risks and impact from Covid-19 on the SEGRO plc group and the Company and the significant available liquidity to meet the Group's operational requirements and capital commitments for the foreseeable future.

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.

Investment property

These properties include completed properties that are generating rent or are available for rent, and development properties that are under development or available for development. Investment properties comprise freehold and leasehold properties and are first measured at cost (including transaction costs), then revalued to market value at each reporting date by independent professional valuers. Lease liabilities associated with leasehold properties are accounted for under IFRS 16, see Leases accounting policy. If a valuation obtained for a property held under lease is net of all payments expected to be made, any related lease liability recognised separately in the statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes. Valuation gains and losses in a period are taken to the Income Statement. As the Company uses the fair value model, as per IAS 40 Investment Properties, no depreciation is provided. An asset will be classified as held for sale within investment properties, in line with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, where the asset is available for immediate sale in their present condition and the sale is highly probable.

Investment properties are transferred to trading properties when there is a change in use and the property ceases to meet the definition of investment property.

Other interests in property

Other interests in property include the cost and related fees in respect of land options, which are initially capitalised and regularly tested for impairment.

The impairment review includes consideration of the resale value of the option and likelihood of achieving planning consent.

SEGRO APP 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Significant accounting policies (continued)

Trading properties

These are properties being developed for sale or being held for sale after development is complete, and are shown at the lower of cost and net realisable value. Cost includes direct expenditure and capitalised interest.

Trading properties are transferred to investment properties when there is a change in use evidenced by the commencement of an operating lease to another party, together with the intention to hold the property to generate rent, or for capital appreciation, or for both.

Property acquisitions and disposals

Properties are treated as acquired at the point when the Company assumes the control of ownership and as disposed when these are transferred to the buyer. Generally this would occur on completion of contract. Any gains or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Investments

Where the Company holds investments in subsidiaries, joint ventures 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.

Revenue

Revenue includes gross rental income, joint venture management fee income, income from service charges and proceeds from the sale of trading properties. Joint venture management fee income is recognised as income in the period to which it relates.

Rental income

Rental income from properties let as operating leases are recognised on a straight-line basis over the lease term. Lease incentives and initial costs to arrange leases are capitalised, then amortised on a straight-line basis over the lease term ('rent averaging'). Surrender premiums received in the period are included in rental income.

SEGRO APP 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Significant accounting policies (continued)

Service charges and other recoveries from tenants

These include income in relation to service charges, directly recoverable expenditure and management fees. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue from services is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided and recognised over time. The Company generally acts as the principal in service charge transactions as it directly controls the delivery of the services at point they are provided to the tenant. Where the Company acts as a principal, service charge income is presented gross within revenue and service charge costs presented gross within costs.

Sale of trading properties

Proceeds from the sale of trading properties are recognised at the point in time at which control of the property has been transferred to the purchaser. Therefore, revenue is recognised at a point in time and generally occurs on completion of the contract.

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 date of practical 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 and subsequently measured at amortised cost using the effective interest method. Trade and other payables are initially measured at fair value, net of transaction costs and subsequently measured at amortised costs using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses ('ECLs') which uses a lifetime expected loss allowance for all trade receivables.

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.

SEGRO APP 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Significant accounting policies (continued)

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.

4 Administrative expenses

Employees

There were no employees directly employed by the Company during the year (2019: none).

Directors' remuneration

The Directors received no remuneration in respect of their services to the Company during the year (2019: £Nil). Some of the Directors may also be Directors of SEGRO plc, the Company's ultimate holding company, and the remuneration of these Directors is disclosed in the financial statements of that Company.

No apportionment or recharges were made for the remuneration of directors borne by another company. The value of this service is negligible and not possible to allocate.

SEGRO APP 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

5 Income tax (expense)/credit

Tax charged/(credited) in the Income Statement:

	2020 £ 000	2019 £ 000
Total current income tax	<u>-</u>	<u>-</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit/(loss) before tax	4,222	(2,110)
Less: revaluation movement not taxable	<u>-</u>	<u>-</u>
Adjusted profit /(loss) before tax	<u>4,222</u>	<u>(2,110)</u>
Corporation tax charge / (credit) at standard rate	802	(401)
REIT tax exemption	<u>(802)</u>	<u>401</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

The standard rate of UK corporation tax is expected to be maintained at 19% for the financial year beginning 1 April 2021 and 1 April 2022, and then 25% for the financial year beginning 1 April 2023. 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.

SEGRO APP 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

6 Investments

	2020 £ 000	2019 £ 000
At 1 January	-	-

Associates

Details of the associates as at 31 December 2020 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Airport Property Partnership (direct)	Property investment	England and Wales	19.99%	19.99%

Airport Property Partnership is registered at 1 New Burlington Place, London, W1S 2HR.

The principal activity of Airport Property Partnership is to invest in prime aviation-related investment properties and development sites primarily located at Heathrow, Gatwick and Stansted airports.

Unless otherwise stated, the Company's holding in the joint venture comprises ordinary shares.

SEGRO APP 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

7 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 loans and receivables. Financial liabilities comprise inter-company debt, which is categorised as financial liabilities and measured at amortised cost, and trade and other payables (excluding deferred income, 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 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. The decision as to whether or not any interest is charged on the amounts owed to Group undertakings is made at the end of the financial year of the Company. 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.

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 1.85% (2019: 2.15%). 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.

8 Dividends

A dividend of £Nil was recognised during the year ended 31 December 2020 (2019: £Nil). After the balance sheet date, dividends of £Nil (2019: £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.

SEGRO APP 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

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.

Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	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 SEGRO plc.

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 Amounts due from group undertakings

Where the Company is trading, its amounts owed to Group undertakings are charged at an interest rate of 1.85% (2019: 2.15%). Where the Company is not trading the non-current account is not interest bearing. The amounts due have no fixed repayment terms.

12 Subsequent events

There have been no significant events since year end.