REGISTERED NUMBER: 11104469 (England and Wales)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD 11 DECEMBER 2017 TO 31 DECEMBER 2018

FOR

SEGRO (HOWBURY) LIMITED

SEGRO (HOWBURY) LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
for the period 11 DECEMBER 2017 to 31 December 2018

SEGRO (HOWBURY) LIMITED

COMPANY INFORMATION
for the period 11 DECEMBER 2017 to 31 December 2018

DIRECTORS:	A O Peters A J Pilsworth S C Pursey A M Holland G J Osborn
SECRETARY:	E A Blease
REGISTERED OFFICE:	Cunard House 15 Regent Street London SW1Y 4LR
REGISTERED NUMBER:	11104469 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

STRATEGIC REPORT
for the period 11 December 2017 to 31 December 2018

The Directors present their Strategic Report for the period 11 December 2017 to 31 December 2018.

PRINCIPAL ACTIVITIES
The principal activity of the Company is that of a holding company for SEGRO PLC's interest in The Howbury Park Limited Partnership.

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 period end position.

The results for the Company show a pre-tax loss of £4,582,477. The Company is in a net asset position at the period 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.

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.

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 2 September 2019 and signed on its behalf by:

DocuSigned by:
A. Pilsworth
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A J Pilsworth
Director

DIRECTORS' REPORT
for the period 11 DECEMBER 2017 to 31 December 2018

The Directors present their report and the audited financial statements of the Company for the period 11 December 2017 to 31 December 2018.

INCORPORATION
The Company was incorporated on 11 December 2017.

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 current asset position and a net asset position. The Company is funded via an inter-company non-current accounts 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 an intention to require the loan to be repaid, in whole or in part, for at least 12 months from the date of signing the financial statements. If the entity is unable to meet its liabilities as they fall due it is the intention SEGRO plc to provide financial support as necessary for at least 12 months from the signing of the financial statements.

FUTURE DEVELOPMENTS
The Directors expect the general level of activity to remain consistent with the current period 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 period.

DIVIDENDS
Dividends paid and dividends recommended in respect of the current period are disclosed within the dividends note.

DIRECTORS
The directors who have held office during the period from 11 December 2017 to the date of this report are as follows:
A O Peters - appointed 11 December 2017
A J Pilsworth - appointed 11 December 2017
S C Pursey - appointed 11 December 2017
A M Holland - appointed 11 December 2017
G J Osborn - appointed 11 December 2017

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 period 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
There have been no significant events affecting the Company since the period end.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
In the case of each director in office at the date the Directors' Report is approved:
- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

INDEPENDENT AUDITORS OF THE COMPANY
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

ON BEHALF OF THE BOARD:

DocuSigned by:
A. Pilsworth
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A J Pilsworth
Director

2 September 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES
for the period ended 31 December 2018

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 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.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEGRO (HOWBURY) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, SEGRO (HOWBURY) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the 13 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework ", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Statement of Comprehensive Income and the Statement of Changes in Equity for the 13 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

DocuSigned by:
P. Jourdier
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Peter Jourdier (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 2 September 2019

SEGRO (HOWBURY) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the period 11 DECEMBER 2017 to 31 December 2018

	Notes	£
Revenue		-
Administrative expenses	4	(4,576,871)
		(4,576,871)
OPERATING LOSS		(4,676,871)
Net finance costs	5	(5,606)
LOSS BEFORE TAX	6	(4,582,477)
Income tax (expense)/credit	7	-
LOSS FOR THE FINANCIAL PERIOD		(4,582,477)
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR		(4,582,477)

The above results were derived from continuing operations.

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

SEGRO (HOWBURY) LIMITED (REGISTERED NUMBER: 11104469)

STATEMENT OF FINANCIAL POSITION
31 December 2018

	Notes	£
FIXED ASSETS		
Investments in joint ventures	8	100
CURRENT ASSETS		
Trade and other receivables	9	482,839
CREDITORS: Amounts falling due within one year		
Trade and other payables	10	(287,333)
NET CURRENT ASSETS		195,506
TOTAL ASSETS LESS CURRENT LIABILITIES		195,606
NET ASSETS		195,606
CAPITAL AND RESERVES		
Called up share capital	11	101
Share premium		4,777,982
Retained earnings		(4,582,477)
TOTAL SHAREHOLDERS' FUND		195,606

The financial statements on pages 7 to 16 were approved by the Board of Directors on 2 September 2019 and were signed on its behalf by:

DocuSigned by:
A. Pilsworth
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A J Pilsworth
Director

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

SEGRO (HOWBURY) LIMITED

STATEMENT OF CHANGES IN EQUITY
for the period 11 DECEMBER 2017 to 31 December 2018

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
Issue of share capital	101	4,777,982	-	4,778,083
Total comprehensive loss	-	-	(4,582,477)	(4,582,477)
Balance at 31 December 2018	101	4,777,982	(4,582,477)	195,606

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

1. GENERAL INFORMATION

SEGRO (HOWBURY) 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 page 2.

These financial statements are presented 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.

The company was incorporated on 11 December 2017 and the first financial statements of the company has been prepared for the financial period from 11 Dec 2017 to 31 Dec 2018.

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 14.

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. The Group financial statements of SEGRO plc are available to the public and can be obtained as set out in note 14.

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.

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 adopted 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.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Adoption of new and revised standards
The following standards and amendments have been early adopted by the Company for the first time for the financial period beginning on 11 December 2017:

- 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

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 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.

IFRS 15 Revenue from Contracts with Customers
The Company has adopted IFRS 15 Revenue from Contracts with Customers from 11 December 2017.

IFRS 15 does not apply to rental income, 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.

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 asset 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.

2. **ACCOUNTING POLICIES - continued**

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. Leasehold properties are shown gross of the leasehold payables (which are accounted for as finance lease obligations). Valuation gains and losses in a period are taken to the Income Statement. As the Group 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 there is Board approval at the year-end date and the asset is expected to be disposed of within 12 months of the Statement of Financial Position date.

Financial instruments
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. 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. 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.

Income tax expense
Income tax on the loss 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.

Leases
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.

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.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

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. An impairment provision is created for receivables where there is objective evidence that the Company will not be able to collect in full. 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.

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.

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.

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 period 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. ADMINISTRATIVE EXPENSES

Employees
There were no employees directly employed by the Company during the year.

Audit fees
A notional charge of £2,000 per Company is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements. The actual amounts payable to PricewaterhouseCoopers LLP are paid at Group level by SEGRO plc.

There are no fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the Company, as no non-audit services were provided to the Company. Fees for non-audit services provided to SEGRO plc are disclosed in the SEGRO plc Annual Report and Accounts for the year ended 31 December 2018.

Directors' remuneration
The Directors received no remuneration in respect of their services to the Company during the period. 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.

5. NET FINANCE COSTS

	£
Interest on group borrowings	5,606
Total finance costs	5,606
Capitalised finance costs	-
Net finance costs	5,606

6. LOSS BEFORE TAXATION

The loss before taxation is stated after charging:

	£
Interest on amounts owed to Group undertakings	5,606

7. INCOME TAX (EXPENSE)/CREDIT

Analysis of tax expense
The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	£
Loss before tax	(4,582,477)
Less: revaluation movement not taxable	-
Adjusted loss on ordinary activities before tax	(4,582,477)
Corporation tax at standard rate	(860,671)
REIT tax exemption	870,671
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.

8. INVESTMENTS IN JOINT VENTURES

	£
Additions	100
At 31 December	100

Name of Joint Venture	Holding	Registered Office	Ownership Interest
The Howbury Park Limited Partnership	Direct & Indirect	England & Wales	50%
Howbury Park GP Limited	Direct	England & Wales	50%

The principal activity of the joint ventures is property development. The registered office is Lumonics House Valley Drive, Swift Valley Industrial Estate, Warwickshire, CV21 1TQ. The shareholding is comprised of Ordinary shares. 0.5% of the ownership interest In The Howbury Park Limited Partnership is held via Howbury Park GP Limited.

9. TRADE AND OTHER RECEIVABLES

	£
Amounts due from participating interests (note 13)	482,739
Other receivables	100
	482,839

10. CREDITORS;

Amounts falling due within one year:	£
Amounts owed to group undertakings	286,483
Accruals and deferred income	850
	287,333

Where the company is trading, its amounts owed to Group undertakings are charged at the Group's average costs of sterling borrowings plus 0.5%. Where the company is not trading the non-current account is not interest bearing. For the current period the rate charged was 2.3%. The amounts due have no fixed repayment terms.

11. 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, issued and not paid:

Number:	Class:	Nominal value:	£
101	Ordinary	£1	**101**

101 Ordinary shares of £1 each were allotted and not paid for during the period.

12. DIVIDENDS

A dividend of £Nil was recognised during the period ended 31 December 2018. After the balance sheet date, dividends of £Nil were proposed by the Directors and paid.

13. RELATED PARTY DISCLOSURES

At the period end the Company was owed a balance of £482,739 from The Howbury Park Limited Partnership, a development venture in which the Company is a member. This is included within amounts due from participating interests (note 9). During the period the Company recognised impairment charges amounting to £4,576,872, which have been included within administrative expenses (note 15).

14. PARENT AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is SEGRO Properties 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.

The ultimate controlling party is SEGRO plc.

15. SUBSEQUENT EVENTS

On the 7th May 2019, the Secretary of State refused planning permission on the scheme being undertaken by The Howbury Park Limited Partnership ('The Partnership'). As a result, SEGRO (Howbury) Limited has recognised an impairment charge in relation to amounts due from The Partnership, to the extent that the balance is not recoverable.