

Registered Number

1681497

Bredero Properties Plc

Financial Statements for the year ended 31 December 2007

THURSDAY



AZ8XD0B2

A17

05/06/2008

325

COMPANIES HOUSE

31

Bredero Properties Plc
Summary of Officers and Professional Advisors

| | |
|--------------------------|---|
| Directors | J A N Heawood G J Osborn A S Gulliford |
| Secretary | J R Probert FCIS |
| Registered Office | 234 Bath Road Slough SL1 4EE England |
| Registered Number | 1681497 |
| Solicitors | Nabarro Nathanson Lacon House Theobald's Road London WC1X 8RW |
| Auditors | Deloitte & Touche LLP Chartered Accountants London |

Bredero Properties Plc
Directors' report and accounts for the year ended 31 December 2007

Directors' report

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2007 which were approved by the board on 30 May 2008

Business review and principal activities

The principal activity of the Bredero Properties Plc Group (the "Group") had been property related operations. After the disposal of its share of properties in 2004, however, the Group has not acquired any further properties. The Group did not trade during 2007, and the reported pre-tax profit of the Group of £9.6 million (2006: £9.0 million) almost entirely comprises interest received from SEGRO plc, the ultimate holding company.

The directors do not foresee any change in the future level of activity.

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks. These risks are kept to a minimum wherever possible. The risks and uncertainties associated with the Company are the same as those associated with the SEGRO plc group. These are detailed on page 21 of the group's financial statements.

Key performance indicators ("KPIs")

The directors are of the opinion that the only KPI necessary for an understanding of the development, performance or position of the Group is the net assets per share ratio. Net assets per share 31 December 2007 amounted to 308p (2006: 298p).

Results and dividends

The results for the year ended 31 December 2007 are set out on page 6. During the year preference dividends of £nil were paid (2006: £10,814,000 paid, after which the preference shares were redeemed).

Directors' indemnities

Directors of the Company are entitled to be indemnified by the Company against any liability, loss or expenditure incurred in connection with their duties, powers or office, to the extent permitted by statute.

The contracts of employment of the Directors of the Company do not provide for compensation for the loss of office that occurs because of takeover.

Directors

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

Directors' indemnities

Directors of the Company are entitled to be indemnified by the Company against any liability, loss or expenditure incurred in connection with their duties, powers or office, to the extent permitted by statute.

The contracts of employment of the Directors of the Company do not provide for compensation for the loss of office that occurs because of takeover.

Charitable, political and other donations

The company made no charitable, political or other donations during the year (2006: nil).

Payment of suppliers

Payment of suppliers is the responsibility of a fellow Group company, SEGRO Administration Ltd.

Auditors and disclosure of information to auditors

The Board elected to appoint Deloitte & Touche LLP as the Company's auditors for the year ending 31 December 2007.

So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself 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 S234ZA of the Companies Act 1985.

By order of the Board



G J Osborn
 Director
 30 May 2008

Bredero Properties Plc
Statement of the Directors' responsibilities

The directors are responsible for preparing the financial statements. The directors have elected to prepare financial statements for the Group and Company in accordance with IFRSs. Company law requires the directors to prepare such financial statements in accordance with IFRSs, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires the financial statements present fairly for each financial year the Group and Company's financial position, financial performance and cash flows, as well as the Group's profit or loss. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

Directors are also required to

- * properly select and apply accounting policies,
- * present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- * provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- * prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 1985.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

By order of the Board



G J Osborn
Director
30 May 2008

Bredero Properties Plc
Independent Auditors' Report to the Members of Bredero Properties Plc

We have audited Group and Parent Company financial statements of Bredero Properties Plc (the "financial statements") for the year ended 31 December 2007 which comprise the Group Income Statement, Group and Parent Company Statement of Recognised Income and Expense, Group and Parent Company Balance Sheet, Group and Parent Company Cash Flow Statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether they have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- * the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended,
- * the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 December 2007,
- * the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- * the information given in the Directors' Report is consistent with the financial statements.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
30 May 2008

Bredero Properties Plc
Group income statement for the year ended 31 December 2007

| | Note | 2007 £000's | 2006 £000's |
|--------------------------------|------|----------------|----------------|
| Other income | 3 | 123 | 9 |
| Administration expenses | 4 | (12) | (13) |
| Operating profit/(loss) | | 111 | (4) |
| Finance income | 5 | 9,518 | 10,171 |
| Finance costs | 6 | - | (1,175) |
| Profit before tax | | 9,629 | 8,992 |
| Tax (charge)/credit - current | 7 | (6,096) | 277 |
| Total tax | | (6,096) | 277 |
| Profit for the year | | 3,533 | 9,269 |

Bredero Properties Plc

Statement of recognised income and expense (SORIE) for the year ended 31 December 2007

| | Group | | Company | |
|--|--------|--------|----------|--------|
| | 2007 | 2006 | 2007 | 2006 |
| | £000's | £000's | £000's | £000's |
| Profit/(loss) for the year | 3,533 | 9,269 | (18,966) | - |
| Total recognised income and expense for the year | 3,533 | 9,269 | (18,966) | - |

Bredero Properties Plc
Balance sheets as at 31 December 2007

| | Note | Group | | Company | |
|--|-----------|----------------|----------------|----------------|----------------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | £000's | £000's | £000's | £000's |
| Non-current assets | | | | | |
| Available-for-sale investments | 9 | - | 13 | - | - |
| Investment in subsidiaries | 10 | - | - | 415 | 415 |
| Amounts owed by SEGRO plc | 12 | 116,595 | 138,501 | 115,989 | 133,959 |
| Total non-current assets | | 116,595 | 138,514 | 116,404 | 134,374 |
| Current assets | | | | | |
| Current tax assets | | 2 | 2 | 2 | 2 |
| Trade and other receivables | 11 | 6 | 21 | 4 | - |
| Total current assets | | 8 | 23 | 6 | 2 |
| Total assets | | 116,603 | 138,537 | 116,410 | 134,376 |
| Current liabilities | | | | | |
| Trade and other payables | 16 | - | 190 | - | - |
| Total current liabilities | | - | 190 | - | - |
| Non-current liabilities | | | | | |
| Amounts owed to SEGRO plc | 12 | 2,511 | 27,668 | - | - |
| Provisions for liabilities and charges | 14 | 1,000 | 1,120 | 1,000 | - |
| Total non-current liabilities | | 3,511 | 28,788 | 1,000 | - |
| Total liabilities | | 3,511 | 28,978 | 1,000 | - |
| Net assets | | 113,092 | 109,559 | 115,410 | 134,376 |
| Equity | | | | | |
| Share capital | 17 | 9,177 | 9,177 | 9,177 | 9,177 |
| Share premium account | 19 | 42,396 | 42,396 | 42,396 | 42,396 |
| Retained earnings | 20 | 61,519 | 57,986 | 63,837 | 82,803 |
| Total equity | 18 | 113,092 | 109,559 | 115,410 | 134,376 |

The financial statements on pages 6 to 18 were approved by the Board of directors and authorised for issue on 30 May 2008 and signed on its behalf by



G J Osborn
 Director

Bredero Properties Plc

Cash flow statements for the year ended 31 December 2007

| | Note | Group | | Company | |
|--|------|-----------------|----------------|----------------|-----------------|
| | | 2007 £000's | 2006 £000's | 2007 £000's | 2006 £000's |
| Cash (outflow)/inflow generated from operations | 22 | (65) | 340 | 993 | 20 |
| Dividends received | | - | - | 3,211 | 67,662 |
| Interest received | | 9,518 | 10,171 | 9,308 | 10,091 |
| Interest paid | | - | - | - | (3,541) |
| Dividends paid to preferential shareholders | | - | (10,814) | - | (10,814) |
| Tax (paid)/received | | (6,096) | 278 | (6,096) | 1,132 |
| Net cash from/(used in) operating activities | | 3,357 | (25) | 7,416 | 64,550 |
| Cash flows from investing activities | | | | | |
| Proceeds from the disposal of available-for-sale investments | | 14 | 100 | - | - |
| Investments in subsidiary undertakings | | - | - | (25,386) | (68,471) |
| Loan repayments | | 21,906 | - | 17,970 | 27,122 |
| Net cash from/(used in) investing activities | | 21,920 | - | (7,416) | (41,349) |
| Cash flows from financing activities | | | | | |
| Proceeds from new loans | | - | 27,668 | - | - |
| Repayment of loans | | (25,157) | (17,743) | - | (13,201) |
| Provision transferred to SEGRO Properties Limited | | (120) | - | - | - |
| Redemption of preferential shares | | - | (10,000) | - | (10,000) |
| Net cash used in financing activities | | (25,277) | (75) | - | (23,201) |
| Net increase in cash and cash equivalents | | - | - | - | - |
| Cash and cash equivalents at the beginning of the year | | - | - | - | - |
| Cash and cash equivalents at the end of the year | | - | - | - | - |

Bredero Properties Plc
Notes to the financial statements

1 Basis of preparation

Bredero Properties Plc (the "Company") is a limited company incorporated in Great Britain. The Company's ultimate holding company is SEGRO plc, which is also incorporated in Great Britain.

These financial statements are presented in thousands and in sterling since that is the currency in which the majority of the Group's transactions are denominated.

The financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards, IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS.

The Directors have taken advantage of the exemption offered by Section 230 of the Companies Act not to present a separate income statement for the parent company. The financial statements have been prepared under the historical cost convention as modified by the revaluation of properties, available-for-sale investments and financial assets and liabilities held for trading.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

The key estimates and assumptions relate to provisions and in the determination of the valuation of available-for-sale investments.

Basis of consolidation

The consolidated statements, prepared up to 31 December 2007, comprise the financial statements of Bredero Properties Plc (the "Company") and its subsidiaries (the "Group"). The Company holds investments in these undertakings at cost.

A subsidiary is an entity controlled by the Company. They are consolidated under the acquisition method from the date of control and de-recognised when control ceases. Their financial statements are adjusted to align to Group accounting policies and intra-group balances and unrealised results on intra-group transactions are eliminated on consolidation.

2 Significant accounting policies

Borrowing

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, using the effective interest method.

Available for sale investments

These are non-derivative financial assets, that are not held for trading, but are designated as available for sale. They consist of treasury stock.

Trade and other receivables and payables

Trade and other receivables are recognised initially at fair value. A provision for impairment of trade receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned. Trade and other payables are stated at cost since cost is a reasonable approximation of fair value.

Provisions

A provision is recognised in the balance sheet where there is an obligation from past events requiring settlement by an outflow of economic benefits. Where material, expected outflows are discounted at rates reflecting prevailing interest rates and risks. A provision for an onerous contract is recognised where the unavoidable cost of meeting contractual obligations exceeds its benefits.

Pensions - defined contribution schemes

Contributions to defined contribution schemes are expensed as incurred.

Tax

i) Current tax

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

Bredero Properties Plc
Notes to the financial statements (continued)

2 Significant accounting policies (continued)

Tax (continued)

ii) Deferred tax

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

The carrying amount of tax assets is reviewed each reporting date and reduced if full recoverability is not expected. Tax is calculated at rates expected to apply in the period the liability settles or the asset is realised, and is booked to income statement. Where it relates to items accounted for in equity, however, the tax is also dealt with in equity. Tax assets and liabilities are offset when they are levied by the same tax authority and the Company is entitled to settle net. Indexation relief on land is allowed as a reduction on the deferred tax liability, but not on buildings, unless the properties are in the process of being sold.

Standards, amendments and interpretations that became effective in 2007 and were adopted by the Company

- IFRS 7, Financial Instruments: Disclosure

Standards, amendments and interpretations that became effective in 2007 but having no effect on the Company's operations

- IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies,
- IFRIC 8, Scope of IFRS 2,
- IFRIC 9, Reassessment of embedded derivatives, and
- IFRIC 10, Interim financial reporting and impairment

Published standards and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

It is not expected that they will have any significant future impact on the company's accounts

- IFRS 8, Operating Segments,
- IFRIC 3 (Amendment), Business Combinations,
- IAS 1 (Amendment), Presentation of financial statements,
- IAS 23 (Amendment), Borrowing costs,
- IAS 27 (Amendment), Consolidated and separate financial statements,
- IFRIC 11, Group and Treasury share transactions, and
- IFRIC 14, The limit on a defined benefit asset, minimum funding requirements and their interaction

Published interpretations to existing standards that are not yet effective and not relevant to the Company's operations

- IFRIC 12, Service Concession Arrangements,
- IFRIC 13, Customer loyalty programmes

| 3 Other income | 2007 | 2006 |
|--|---------------|---------------|
| | £000's | £000's |
| Release of accruals | 122 | - |
| Net profit on sale of available-for-sale investments | 1 | - |
| Interest received on treasury stock | - | 9 |
| | 123 | 9 |

| 4 Administration expenses | 2007 | 2006 |
|----------------------------------|---------------|---------------|
| | £000's | £000's |
| Employee expenses | 7 | 8 |
| Other administration costs | 5 | 5 |
| | 12 | 13 |

A notional charge of £2,800 (2006: £1,700) per company is deemed payable to Deloitte & Touche LLP (2006: PricewaterhouseCoopers LLP) in respect of the audit of the financial statements. The actual amounts payable to Deloitte & Touche LLP are paid at group level by SEGRO plc.

Bredero Properties Plc
Notes to the financial statements (continued)

4 Administration expenses (continued)

| | Total 2007 £000's | Total 2006 £000's |
|---|-------------------------|-------------------------|
| Employees' staff costs were | | |
| Wages and salaries | 44 | 42 |
| Social security costs | 5 | 5 |
| Pension costs - defined contribution scheme | 2 | 4 |
| Recovered under an insurance scheme | (44) | (43) |
| Total | 7 | 8 |

| | | |
|--|---|---|
| Average number of employees of the Group | 1 | 1 |
|--|---|---|

Directors' remuneration

J A N Heawood is a director of SEGRO plc, the Company's ultimate holding company, and his remuneration is disclosed in the financial statements of that company. G J Osborn and A S Gulliford received no remuneration in respect of their services to the Company during the year (2006 £nil)

| | 2007 £000's | 2006 £000's |
|----------------------------------|----------------|----------------|
| 5 Finance income | | |
| Interest received from SEGRO plc | 9,518 | 10,171 |

| | 2007 £000's | 2006 £000's |
|--|----------------|----------------|
| 6 Finance costs | | |
| Interest on Unlisted First Cumulative Preference Shares of £1 each | - | 1,175 |
| Total finance costs | - | 1,175 |

| | 2007 £000's | 2006 £000's |
|---|----------------|----------------|
| 7. Taxation charge/(credit) | | |
| Current tax | | |
| Provision for UK Corporation taxation based on profits for the year | | |
| Corporation tax at 30 per cent | 2,852 | (195) |
| Adjustment in respect of prior years | 3,244 | (82) |
| Total current tax charge/(credit) | 6,096 | (277) |

Bredero Properties Plc
Notes to the financial statements (continued)

7. Taxation charge/(credit) (continued)

Factors affecting tax charge for year

The tax charge for the year is greater (2006 lower) than the standard rate of corporation tax in the UK. The differences are explained below

| | 2007 £000's | 2006 £000's |
|---|----------------|----------------|
| Profit on ordinary activities before tax | 9,629 | 8,992 |
| Profit on ordinary activities multiplied by the standard rate of UK corporation 30 per cent | 2,889 | 2,698 |
| Effects of | | |
| Permanent timing differences | (37) | (2,892) |
| Adjustment in respect of prior years | 3,244 | (83) |
| | 6,096 | (277) |

8 Dividends

The preference interest charge for 2007 of £nil (2006 £1,175,000) is included within finance costs

9 Available-for-sale investments

| Group | 2007 £000's | 2006 £000's |
|---------------------------------|----------------|----------------|
| Cost at 1 January | 13 | 114 |
| Disposals and return of capital | (13) | (100) |
| Fair value movement | - | (1) |
| Cost at 31 December | - | 13 |

| | 2007 £000's | 2006 £000's |
|---|----------------|----------------|
| The investments were in the following funds | | |
| 8% Treasury stock 2021 | - | 13 |
| Valuation at 31 December | - | 13 |

The available-for-sale investments in the Company were £nil (2006 £nil)

10 Investment in subsidiaries

| Company | Investments | | Loans | | Total | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2007 £000's | 2006 £000's | 2007 £000's | 2006 £000's | 2007 £000's | 2006 £000's |
| Cost or valuation at 1 January | 415 | 415 | - | - | 415 | 415 |
| Increased investment in subsidiary | 25,386 | - | - | - | 25,386 | - |
| Provision against investment | (25,386) | - | - | - | (25,386) | - |
| Net loan movement | - | - | - | (27,122) | - | (27,122) |
| Provision for loss on loans | - | - | - | 27,122 | - | 27,122 |
| Cost at 31 December | 415 | 415 | - | - | 415 | 415 |

11 Trade and other receivables

| | Group | | Company | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2007 £000's | 2006 £000's | 2007 £000's | 2006 £000's |
| Current | | | | |
| Prepayments and accrued income | 6 | 21 | 4 | - |

Included within prepayments and accrued income are rent reviews of £nil (2006 £18,000) relating to tenants at Buchanan Galleries, Glasgow, recoverable under the terms of the property swap between SEGRO plc and Land Securities plc

Bredero Properties Plc
Notes to the financial statements (continued)

12 Amounts owed to and from SEGRO plc

Intercompany loans have no fixed repayment terms and are interest bearing at the Group UK weighted average cost of funds plus a margin of 0.5%, amounting to 6.75% (2006 6.75%). No interest, however, is charged on the loan made by SEGRO plc to Carrycroft Limited, a Group company, in view of its limited trading. In 2007, such loans amounted to £2,270,000 (2006 £2,282,000). The Company and Group will not require repayment of their loans made to SEGRO plc within the next twelve months.

13 Financial instruments and fair value

Financial assets and liabilities

Financial assets in the Company and the Group comprise amounts owed by SEGRO plc and trade and other receivables, both of which are categorised as loans and receivables, and available-for-sale investments and tax balances, which are categorised as other financial assets. Financial liabilities comprise inter-company debt which is categorised as financial liabilities measured at amortised cost, and trade and other payables and provisions, both of which are categorised as other financial liabilities. The carrying value of these financial assets and liabilities approximate their fair values.

The Company and the Group are funded via an inter-company current account ultimately provided by the Group's ultimate holding company SEGRO plc, at the SEGRO plc group's average cost of sterling borrowings plus 0.5%. This advance has no set maturity date although SEGRO plc has undertaken to give 12 months notice of any demand for repayment of the balance. To date no such notice has been issued. SEGRO plc has also indicated its intention to provide the support necessary to ensure the Company and the Group remain going concerns.

Capital Risk Management

The capital structure of the Company and the Group is managed by SEGRO plc's Treasury function as part of the overall SEGRO plc position, which is monitored on an ongoing basis by the Treasury Risk Committee and reported quarterly to the SEGRO plc Board. SEGRO plc manages its capital to ensure that subsidiaries will be able to continue as going concerns and as such it aims to maintain a prudent mix between debt and equity financing. The current capital structure of the Company and the Group is considered appropriate.

The Company and the Group do not have a net debt position and therefore have no gearing. The Company and the Group are not subject to externally imposed capital requirements.

Financial Risk Management Objectives

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

Foreign Currency Risk Management

The Company and the Group do not have any foreign currency exposures or financial instruments denominated in a foreign currency.

Interest Rate Risk Management

The Company and the Group's aggregate interest rate risk is managed by SEGRO plc's Treasury function. The Company and the Group are charged interest at 0.5% above SEGRO plc's weighted average cost of sterling, most of which is held at long term fixed interest, as the policy is to maintain around 85% of SEGRO plc's gross debt at fixed interest rates. Short term interest rate movements thus have little or no effect on the Company or the Group profits.

Interest Rate Swap Contracts

The Company and the Group have no interest rate swap contracts.

Bredero Properties Plc
Notes to the financial statements (continued)

13. Financial instruments and fair value (continued)

Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company and the Group. Potential customers are evaluated for creditworthiness and where necessary collateral is secured, which might be in the form of a cash rental security deposit, parent company guarantee or a bank rental guarantee.

At SEGRO plc group level, there is no concentration of credit risk within the lease portfolio as there is a well spread diverse customer base. The directors are of the opinion that the quantum of outstanding debtors compared to the net assets and operating profit of SEGRO plc is small and hence credit risk associated with unpaid rent is low. Normally 95% of rent due is collected within 21 days of the due date and 99% within 90 days of the due date.

Liquidity Risk Management

Liquidity Risk is managed on an aggregate basis for all UK operations (including the Company and the Group) by SEGRO plc's Treasury function. The Company and the Group relies on the provision of credit through inter-company funding from its parent, SEGRO plc.

Liquidity and Interest Risk Tables

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

| | Under 1 year £000's | Between 1-2 years £000's | Between 2-5 years £000's | Over 5 years £000's | Total £000's |
|---|---------------------------|-----------------------------------|-----------------------------------|---------------------------|-----------------|
| Group | | | | | |
| 2007 | | | | | |
| Provisions for liabilities and charges (non-interest bearing) | - | 1,000 | - | - | 1,000 |
| Inter-company debt (variable rate) | - | 2,511 | - | - | 2,511 |
| Total | - | 3,511 | - | - | 3,511 |

| | | | | | |
|---|------------|---------------|---|------------|---------------|
| 2006 | | | | | |
| Trade and other payables (non-interest bearing) | 190 | - | - | - | 190 |
| Provisions for liabilities and charges (non-interest bearing) | - | 1,000 | - | 120 | 1,120 |
| Inter-company debt (variable rate) | - | 27,668 | - | - | 27,668 |
| Total | 190 | 28,668 | - | 120 | 28,978 |

Company

| | | | | | |
|---|---|--------------|---|---|--------------|
| 2007 | | | | | |
| Provisions for liabilities and charges (non-interest bearing) | - | 1,000 | - | - | 1,000 |
| Total | - | 1,000 | - | - | 1,000 |

| | | | | | |
|---|---|---|---|---|---|
| 2006 | | | | | |
| Provisions for liabilities and charges (non-interest bearing) | - | - | - | - | - |
| Total | - | - | - | - | - |

Derivative Financial Instruments

The Company and the Group are not party to any derivative financial instruments.

Bredero Properties Plc
Notes to the financial statements (continued)

14 Provisions for liabilities and charges

| | Group | | | Company |
|---|--------------------------|-----------------|-----------------|--------------------------|
| | Property sales £000's | Lease £000's | Total £000's | Property sales £000's |
| Balance at 1 January 2007 | 1,000 | 120 | 1,120 | - |
| Provision transferred to SEGRO Properties Limited | - | (120) | (120) | - |
| Provision transferred from subsidiary undertaking | - | - | - | 1,000 |
| Balance at 31 December 2007 | 1,000 | - | 1,000 | 1,000 |

The lease provision related to the onerous leasehold interest in St Martins House, Dorking. The Group had assigned this lease to SEGRO Properties Ltd, and accordingly, the provision on the lease has been transferred to SEGRO Properties Limited.

15 Retirement benefit scheme

The Group operates a defined contribution scheme. The total cost for the scheme for the year and fully expensed in the income statement (see note 4) amounted to £2,000 (2006 £4,000).

16 Trade and other payables

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2007 £000's | 2006 £000's | 2007 £000's | 2006 £000's |
| Due within one year | | | | |
| SEGRO Properties Ltd | - | 68 | - | - |
| Accruals and deferred income | - | 122 | - | - |
| Trade and other payables due within one year | - | 190 | - | - |

17 Share capital

| Group and Company | Authorised | | Issued and fully paid | |
|--|--------------|--------|-----------------------|--------|
| | Shares 000's | £000's | Shares 000's | £000's |
| Ordinary shares of 25p each | | | | |
| At 31 December 2007 and 31 December 2006 | 48,000 | 12,000 | 36,709 | 9,177 |

18. Reconciliation of movements in equity

| | Balance 1 January £000's | Retained profit £000's | Balance 31 December £000's |
|------------------------|--------------------------------|------------------------------|----------------------------------|
| Group | | | |
| 2007 | | | |
| Ordinary share capital | 9,177 | - | 9,177 |
| Share premium | 42,396 | - | 42,396 |
| Retained earnings | 57,986 | 3,533 | 61,519 |
| Total equity | 109,559 | 3,533 | 113,092 |
| 2006 | | | |
| Ordinary share capital | 9,177 | - | 9,177 |
| Share premium | 42,396 | - | 42,396 |
| Retained earnings | 48,717 | 9,269 | 57,986 |
| Total equity | 100,290 | 9,269 | 109,559 |

Bredero Properties Plc
Notes to the financial statements (continued)

18 Reconciliation of movements in equity (continued)

| Company | Balance 1 January £000's | Retained (loss)/profit £000's | Balance 31 December £000's |
|------------------------|--------------------------------|-------------------------------------|----------------------------------|
| 2007 | | | |
| Ordinary share capital | 9,177 | - | 9,177 |
| Share premium | 42,396 | - | 42,396 |
| Retained earnings | 82,803 | (18,966) | 63,837 |
| Total equity | 134,376 | (18,966) | 115,410 |
| 2006 | | | |
| Ordinary share capital | 9,177 | - | 9,177 |
| Share premium | 42,396 | - | 42,396 |
| Retained earnings | (18,486) | 101,289 | 82,803 |
| Total equity | 33,087 | 101,289 | 134,376 |

19 Share premium account

| Group and Company | 2007 £000's | 2006 £000's |
|--------------------------------------|----------------|----------------|
| Balance at 1 January and 31 December | 42,396 | 42,396 |

20 Retained earnings

| | Group | | Company | |
|------------------------|----------------|----------------|----------------|----------------|
| | 2007 £000's | 2006 £000's | 2007 £000's | 2006 £000's |
| Balance at 1 January | 57,986 | 48,717 | 82,803 | (18,486) |
| Net profit/(loss) | 3,533 | 9,269 | (18,966) | 101,289 |
| Balance at 31 December | 61,519 | 57,986 | 63,837 | 82,803 |
| Distributable | 61,519 | 57,986 | 63,837 | 82,803 |
| Non-distributable | - | - | - | - |
| Total | 61,519 | 57,986 | 63,837 | 82,803 |

| Group | 2007 £000's | 2006 £000's |
|---|----------------|----------------|
| Retained (loss)/profit for the year arises in | | |
| Parent company | (18,966) | 101,289 |
| Subsidiaries | 22,499 | (92,020) |
| | 3,533 | 9,269 |

21 Related party transactions

The transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note

During the year, Group companies entered into the following transactions with related parties who are not members of the Group

| Related party | | 2007 £000's | 2006 £000's |
|-------------------------------------|--|----------------|----------------|
| SEGRO plc | Interest received | 9,518 | 10,091 |
| SEGRO plc | Preferential shares redeemed | - | (10,000) |
| SEGRO plc | Preferential share dividend paid | - | (10,814) |
| SEGRO plc | Repay/(increase) amounts owed by SEGRO plc | 21,906 | (138,501) |
| SEGRO plc | (Repay)/increase borrowing outstanding | (25,157) | 27,668 |
| SEGRO Properties Ltd | Transfer onerous lease provision | 120 | - |
| SEGRO Properties Ltd | Indemnify loss on assigned lease | - | (68) |
| Defined contribution pension scheme | Contribution | (2) | (4) |

Bredero Properties Plc
Notes to the financial statements (continued)

21 Related party transactions (continued)

Company

The transactions between the Company and related parties are shown below

| | | 2007 | 2006 |
|----------------------|--|--------------|-----------------|
| | | £000's | £000's |
| Related party | | | |
| SEGRO plc | Preferential shares redeemed | - | (10,000) |
| SEGRO plc | Preferential share dividend paid | - | (10,814) |
| SEGRO plc | Interest received | 9,308 | 10,091 |
| Subsidiaries | Repayment of amounts owed by SEGRO plc | 18,970 | 27,122 |
| Subsidiaries | Additional net investment | (25,386) | (68,471) |
| Subsidiaries | Interest paid | - | (3,541) |
| | | 2,892 | (55,613) |

Significant balances outstanding between the Company and related parties are shown below

| | | Amounts owed by | | Amounts owed to | |
|----------------------|-------|-----------------|---------|-----------------|--------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | £000's | £000's | £000's | £000's |
| Related party | | | | | |
| SEGRO plc | Loans | 115,989 | 133,959 | - | - |

The above balance is not secured. All of the above transactions are made on terms equivalent to those that prevail in arms' length transactions.

The ultimate holding company and controlling party is SEGRO plc. SEGRO plc is also the smallest and largest group of which Bredero Properties plc is a member to prepare group accounts. Copies of the consolidated accounts of SEGRO plc can be obtained from 234 Bath Road, Slough SL1 4EE, England.

22 Notes to cash flow statements

| | 2007 | Group | 2007 | Company |
|--|-------------|------------|------------|-----------|
| | £000's | 2006 | £000's | 2006 |
| | £000's | £000's | £000's | £000's |
| Reconciliation of cash generated from operations | | | | |
| Net operating income/(expense) | 111 | (4) | (25,389) | 94,782 |
| Adjustments for: | | | | |
| Other income reallocated | (1) | (70) | - | (67,662) |
| Provisions created/(released) | (122) | - | 26,386 | (27,122) |
| | (12) | (74) | 997 | (2) |
| Changes in working capital | | | | |
| Decrease/(increase) in debtors | 15 | 454 | (4) | 22 |
| Decrease in creditors | (68) | (40) | - | - |
| Net cash (outflow)/inflow generated from operations | (65) | 340 | 993 | 20 |

23 Group entities

The principal entities at 31 December 2007 are listed below (all equity holdings unless otherwise stated)

| | Company | Country of incorporation | Subsidiaries % holding |
|---|-------------------------|--------------------------|------------------------|
| Property related | Bredero Centre West Ltd | Great Britain | 100 |
| Project, construction and property management | Bredero Projects Ltd | Great Britain | 100 |

Unless otherwise indicated the principal country of operation is the same as the country of incorporation. To comply with the Companies Act 1985 a full list of subsidiaries will be filed with the company's next annual return.