Registration number: 5161489

Brixton (Equiton) 1 Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2013

Brixton (Equiton) 1 Limited

Contents

Brixton (Equiton) 1 Limited

Company Information

Directors	A.M. Holland
	G.J. Osborn
	A. Pilsworth
	L.Y. Giard
	D.R. Proctor
Company secretary	E.A. Blease
Registered office	Cunard House 15 Regent Street London SW1Y 4LR
Auditors	Deloitte LLP Chartered Accountants London

Brixton (Equiton) 1 Limited

Strategic Report for the Year Ended 31 December 2013

The directors present their annual report and the financial statements and auditor's report for the year ended 31 December 2013.

Principal activity
The principal activity of the company is to act as a holding company. The Company has performed in line with expectations and the directors are satisfied with the year end position.

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 loss of £0.4m (2012: loss £0.4m). The company is in a net liability position at the year end. Dividends paid and received during the year, along with balances and debt outstanding to or from group companies is disclosed within the related party transactions note 9.

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.

Property risks
- Market cycle;
- Portfolio strategy; and
- Execution of investment strategy.

Financial risks
- Solvency and covenant breach;
- Eurozone economic environment;
- Financial leverage;
- Interest rates; and
- Counterparty default.

Corporate risks
- Operational delivery;
- Health and safety; and
- Regulatory environment.

These risks and uncertainties are described in greater detail together with mitigating factors within the Strategic Report section of the 2013 SEGRO plc Annual Report and Accounts.

Key performance indicators ("KPIs")
Given the straightforward nature of the business, the Company's directors are of the opinion that the KPIs relevant to understanding the development, performance and position of the business are profit before tax. The results are disclosed above.

Creditor payment policy
The payment of suppliers is the responsibility of a fellow subsidiary, SEGRO Administration Limited.

Approved by the Board on 5 June 2014 and signed on its behalf by:

Brixton (Equiton) 1 Limited

Strategic Report for the Year Ended 31 December 2013

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D.R. Proctor
Director

Brixton (Equiton) 1 Limited

Directors Report for the Year Ended 31 December 2013

Directors of the company
The directors who held office during the year were as follows:

A.M. Holland

G.J. Osborn

A. Pilsworth

L.Y. Giard

D.R. Proctor

Going concern
The accounts 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 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 meeting its liabilities as they fall due.

Charitable donations
During the year the company made charitable donations of £nil (2012: £nil)

Employees
There were no employees directly employed by the Company.

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.

Disclosure of information to the auditors
Each of the persons who is a director at the date of approval of this annual report confirms that:
• So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
• The director has taken all the steps he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Reappointment of auditors
Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on 5 June 2014 and signed on its behalf by:

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D.R. Proctor
Director

Brixton (Equiton) 1 Limited

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the directors must not approve the accounts 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 these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in the manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are 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
- make an assessment of the company's ability to continue as a going concern.

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. They 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.

Brixton (Equiton) 1 Limited

Independent Auditor's Report

We have audited the financial statements of Brixton (Equiton) 1 Limited for the year ended 31 December 2013, which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and the Cashflow Statement set out on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Jenniter Chase

Jennifer Chase (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

London

5 June 2014

Brixton (Equiton) 1 Limited

Income Statement for the Year Ended 31 December 2013

	Note	2013 £ 000	2012 £ 000
Finance costs	3	(416)	(401)
Loss for the year		**(416)**	**(401)**

The above results were derived from continuing operations.

There are no items of other comprehensive income in the current or prior year and therefore no statement of other comprehensive income shown. Comprehensive losses for the current and prior year is the same as the profit/(loss) for the year.

The notes on pages 12 to 20 form an integral part of these financial statements.

Brixton (Equiton) 1 Limited

(Registration number: 5161489)
Balance Sheet as at 31 December 2013

	Note	2013 £ 000	2012 £ 000
Assets			
Non-current assets			
Investments in subsidiaries, joint ventures and associates	5	44	44
Liabilities			
Non-current liabilities			
Loans and borrowings	7	(7,223)	(6,807)
Net liabilities		**(7,179)**	**(6,763)**
Equity			
Retained earnings		(7,179)	(6,763)
Total equity		**(7,179)**	**(6,763)**

Approved by the Board on 5 June 2014 and signed on its behalf by:

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D.R. Procter
Director

Brixton (Equiton) 1 Limited

Statement of Changes in Equity for the Year Ended 31 December 2013

	Retained earnings £ 000	Total £ 000
At 1 January 2013	(6,763)	(6,763)
Loss for the year	(416)	(416)
At 31 December 2013	(7,179)	(7,179)

	Retained earnings £ 000	Total £ 000
At 1 January 2012	(6,362)	(6,362)
Loss for the year	(401)	(401)
At 31 December 2012	(6,763)	(6,763)

Brixton (Equiton) 1 Limited

Cashflow Statement for the Year Ended 31 December 2013

	Note	2013 £ 000	2012 £ 000
Cash flows from operating activities			
Finance costs	3	(416)	(401)
Net cash flow from operating activities		**(416)**	**(401)**
Cash flows from financing activities			
Movement in borrowings		416	401
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

1 **Accounting policies**

General

The Company is a private company limited by share capital incorporated and domiciled in England and Wales.

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

The preparation of financial statements in conformity with IFRS 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.

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. The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties.

Changes in accounting policy

New standards, interpretations and amendments effective

In the current financial year the Company has adopted the amendments to IFRS 13 "Fair Value Measurement".

IFRS 13 has impacted the measurement criteria of fair value for certain assets and liabilities and also introduced new disclosures as set out within the financial statements.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2013 have had a material effect on the financial statements.

New standards, interpretations and amendments not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

• IFRS 9 Financial Instruments;

• IFRS 10 Consolidated Financial Statements;

• IFRS 11 Joint Arrangements;

• IFRS 12 Disclosure of Interests in Other Entities;

• IAS 27 Separate Financial Statements;

• IAS 28 Investments in Associates and Joint Ventures;

• Amendments to IAS 19 (Nov 2013) Defined Benefit Plans: Employee Contributions;

• IFRIC 21 Levies;

- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets; and

- Amendments to IAS 32 (Dec 2011) Offsetting Financial Assets and Financial Liabilities;

- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment entities

The Directors do not expect that the adoption of the Standards listed above will have a significant impact on the financial statements of the Company in future periods, other than IFRS 9 which will likely impact both the measurement and disclosures of financial instruments.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these new and amended Standards until a detailed review has been completed.

Summary of significant accounting policies and key accounting estimates
Management believes that the judgements, estimates and associated assumptions used in the preparation of the financial statements are reasonable, however actual results may differ from these estimates. Critical judgements, where made, are disclosed within the relevant section of the financial statements in which such judgements have been applied.

The critical estimate and assumption relates to the property valuations applied by the Group's property valuer.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Investments
Where the company holds investments in subsidiaries and associates these are held at cost or provided against where the recoverable amount falls below this balance. The company has taken advantage of the exemption under S400 Companies Act 2006 not to produce consolidated accounts.

Impairment
The Company's 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.

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 when earned.

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'). For properties let as finance leases, 'minimum lease receipts' are apportioned between finance income and principal repayment, but receipts that were not fixed at lease inception (e.g. rent review rises), are recognised as income when earned. Surrender premiums received in the period are included in rental income.

Service charges and other recoveries from tenants
These include income in relation to service charges, directly recoverable expenditure and management fees. Revenue from services is recognised by reference to the state of completion of the relevant services provided at the reporting date. Service charge income is netted against property operating expenses.

Borrowings
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Trade receivables
Trade and other receivables are booked at fair value. An impairment provision is created where there is objective evidence that the Group will not be able to collect in full.

Trade payables
Trade and other payables are stated at cost, since cost is a reasonable approximation of fair value.

2 Administration expenses

Employees

There were no employees directly employed by the Company.

Audit fees

A notional charge of £2,000 (2012: £2,000) per Company is deemed payable to Deloitte LLP in respect of the audit of the financial statements. The actual amounts payable to Deloitte LLP are paid at group level by SEGRO plc.

Directors' remuneration

The directors received no remuneration in respect of their services to the Company during the year (2012: £nil). Some of the directors are also 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.

3 Finance income and costs

	2013 £ 000	2012 £ 000
Finance costs		
Interest on bank overdrafts and group borrowings	(416)	(401)

4 Income tax

Tax charged/(credited) in the income statement

	2013 £ 000	2012 £ 000
Total current income tax	-	-

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2012 - lower than the standard rate of corporation tax in the UK) of 23.25% (2012 - 24.5%).

The differences are reconciled below:

	2013 £ 000	2012 £ 000
Loss before tax	(416)	(401)
Less: revaluation movement not taxable	-	-
Adjusted profit/(loss) on ordinary activities before tax	(416)	(401)
Corporation tax at standard rate	(97)	(98)
REIT tax exemption	97	98
Total tax charge/(credit)	-	-

A reduction in the UK corporation tax rate from 24% to 23% was effective from 1 April 2013. A further reduction from 23% to 21% will take place from 1 April 2014 and 21% to 20% from 1 April 2015.

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 this company is a member.

5 Investments in subsidiaries, joint ventures and associates

	2013 £ 000	2012 £ 000
Investments in associates	44	44

Details of undertakings

Details of the investments in which the company holds 5% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held 2013	2012
Associates				
The Equiton Industrial Partnership	England and Wales		5%	5%

The principal activity of The Equiton Industrial Partnership is property investment.

6 Financial instruments and risk management

Financial assets and liabilities

Financial assets in the Company comprise trade and other receivables, exlcuding prepayments, 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 current account ultimately provided by the Group's parent entity SEGRO plc, at the Group's average cost of sterling borrowings plus 0.5%. 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.

Capital risk management

The capital structure of the Company is managed by Group Treasury as part of the overall Group position, which is monitored on an ongoing basis by the Treasury Risk Committee and reported quarterly to the Group Board. The Group manages its capital to ensure that entities in the Group 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 Group is considered appropriate.

The Company is not subject to externally imposed capital requirements.

Financial risk management objectives

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

Interest rate risk management

The Group's aggregate interest rate risk is managed by Group Treasury. The Company is charged interest at 0.5% above the Group's weighted average cost of sterling, most of which is held at long term fixed interest, as the Group's policy states that around 50 to 100 per cent of borrowings should be at fixed interest rates. Short term interest rate movements thus have little or no effect on the Company's profits.

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.

The directors consider that there is no material concentration of credit risk within the lease portfolio. The directors are of the opinion that the quantum of outstanding debtors compared to the net assets and operating profit of the Company is low and hence credit risk associated with unpaid rent is low. Generally, throughout the SEGRO group 95% of rent due is collected within 21 days of the due date.

Liquidity risk management

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

Maturity analysis

The following tables detail the Company'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 can be required to pay. The tables include both interest and principal cash flows.

	Between 1-2 years £ 000	Total £
2013		
Loans and borrowings	7,223	7,223

	Between 1-2 years £ 000	Total £
2012		
Loans and borrowings	6,807	6,807

7 Loans and borrowings

	2013 £ 000	2012 £ 000
Non-current loans and borrowings		
Amounts due to group undertakings	7,223	6,807

The loans and borrowings classified as financial instruments, along with the Company's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in note 6 Financial instruments and risk management.

8 Share capital

Allotted, called up and fully paid shares

	2013 No.	2013 £	2012 No.	2012 £
Ordinary of £1 each	1	1	1	1

The number of shares authorised are 100 (2012: 100)

9 Related party transactions

Transactions between the Company and SEGRO plc group companies are shown below:

	2013 £ 000	2012 £ 000
Interest payable to group undertakings	(416)	(401)

Significant balances outstanding between the Company and SEGRO plc group companies are shown below:

	2013 £ 000	2012 £ 000
Amounts due to group undertakings	(7,223)	(6,807)

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

10 Parent and ultimate parent undertaking

The parent and ultimate holding company is SEGRO Plc. SEGRO Plc is also the smallest and largest group of which the Company is a member to prepare group accounts. Copies of the consolidated accounts of SEGRO plc can be obtained from Cunard House, 15 Regent Street, London, SW1Y 4LR, England.