

SHELL PROPERTY COMPANY LIMITED

**DIRECTORS' REPORT
AND ACCOUNTS**

2008

CONTENTS

DIRECTORS' REPORT	1
INDEPENDENT AUDITORS' REPORT	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE ACCOUNTS	7

THURSDAY



LY9IVEI1
L19 29/10/2009 171
COMPANIES HOUSE

SHELL PROPERTY COMPANY LIMITED

DIRECTORS' REPORT

The Directors submit their annual report and audited accounts for the year ended 31 December 2008.

The annual report and audited accounts of the Company have been prepared in accordance with the Companies Act 2006 and those provisions of the Companies Act 1985 which, by virtue of transitional provisions, continue to apply (as amended by the Companies Act 2006) to the Company as the Company's financial year commenced before 6 April 2008.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of Shell Property Company Limited include the management of its UK property portfolio. The Company also owns a small number of farms. The Company will continue with these activities for the foreseeable future.

The Company made a profit for the year of £8,606k (2007: £1,651k). The increase was principally due to higher interest income earned and a reduction in the depreciation charge on Stanlow property assets. The Directors do not recommend payment of a dividend for the year ended 31 December 2008 (2007: £Nil).

Future Outlook

No significant change in the business of the Company or of its subsidiary undertaking has taken place during the year or is expected in the immediately foreseeable future.

Principal Risks and Uncertainties

The Shell group has a single risk based control framework – The Shell Control Framework – to identify and manage risks. The Shell Control Framework applies to all wholly owned Shell companies and to those ventures and other companies in which Royal Dutch Shell plc (“Royal Dutch Shell”) has directly or indirectly a controlling interest. From the perspective of the Company, the principal risks and uncertainties affecting the Company are considered to be those that affect the Shell group. Accordingly, the principal risks and uncertainties of the Shell group, which are discussed on page 14 to 16 of Royal Dutch Shell Annual Report and Form 20-F for the year ended December 31, 2008 (the “Group Report”) include those of the Company. (The Group Report does not form part of this report).

Key performance indicators

The Shell group of companies consists of the upstream businesses of Exploration & Production and Gas & Power and the downstream businesses of Oil & Chemicals. The Shell group also has interests in alternative energy sources including Renewables & Hydrogen. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance and position of the business of the Company. The development, performance and position of the various businesses is discussed at pages 19 to 55 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 56 to 57 of the Group Report. (The Group Report does not form part of this report).

SHELL PROPERTY COMPANY LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS

The Directors of the Company who served throughout the year and to the date of this report (except as noted) were:

A. Burston	Appointed 11 December 2008	
R. M. Fox		Resigned 29 February 2008
R. J. Henderson (alternative to R. M. Fox)		Resigned 29 February 2008
R. J. Henderson	Appointed 1 March 2008	
G. Janssens		Resigned 27 October 2008
M. R. Napier		Resigned 30 September 2008
R. Spray	Appointed 28 August 2008	

POST BALANCE SHEET EVENTS

Refer to Note 14 "Post balance sheet events".

CREDITOR PAYMENT POLICY

The Company complies with the Better Payment Practice Code, which states that responsible companies should:

- agree payment terms at the outset of a deal and stick to them;
- explain its payment procedures to suppliers;
- pay bills in accordance with any contract agreed with the supplier or as required by law; and
- tell suppliers without delay when an invoice is contested and settle disputes quickly.

Information and copies of the code can be obtained from www.payontime.co.uk.

The Company had no days purchases outstanding at 31 December 2008 (2007: Nil) based on average daily amounts invoiced by suppliers during the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the accounts in accordance with applicable laws and regulations.

The Companies Act 1985 provisions, which continue to apply to the Company's annual report and accounts for this financial year, require the Directors to prepare accounts for each financial year which 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 those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and

SHELL PROPERTY COMPANY LIMITED

DIRECTORS' REPORT (Continued)

- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the accounts.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985 provisions which, as mentioned above, continue to apply to the Company's annual report and accounts for this financial year. 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.

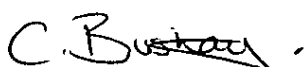
DISCLOSURE OF INFORMATION TO AUDITORS

All Directors in office at the date of approval of the accounts confirm that so far as each of the Directors is aware, there is no relevant audit information (meaning information needed by the Company's auditors in connection with preparing their report) that has not been disclosed to the Company's auditors. Each of the Directors believes that he or she has taken all steps that ought to have been taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

The Company has passed an Elective Resolution pursuant to section 386 of the Companies Act 1985 to dispense with the annual reappointment of auditors. As this Elective Resolution was in force before 1 October 2007 and has not been revoked or ceased to have effect Pricewaterhouse Coopers LLP will continue in office as auditors of the Company pursuant to section 487(2) of the Companies Act 2006 as amended by the Companies Act 2006 (Commencement No 3 Consequential Amendments, Transitional Provisions and Savings) Order 2007 SI2007/2194.

By order of the Board



C. Bushay
Authorised signatory for
Shell Corporate Secretary Limited
Company Secretary
28 October 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHELL PROPERTY COMPANY LIMITED

We have audited the accounts of Shell Property Company Limited for the year ended 31 December 2008, which comprise the profit and loss account, the balance sheet and the related notes. These accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the accounts give a true and fair view and are 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 accounts.

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 accounts. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts 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 accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

1 Embankment Place
LONDON, WC2N 6RH

28 October 2009

SHELL PROPERTY COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2008

	Note	2008 £ 000	2007 £ 000
Continuing operations			
Turnover	2	88,652	87,933
Cost of sales		(61,593)	(66,011)
GROSS PROFIT		27,059	21,922
Administrative expenses		(788)	(782)
Other operating income		24	34
OPERATING PROFIT		26,295	21,174
Loss on sale of fixed assets		(1,098)	(422)
Other interest receivable and similar income	3	11,415	9,632
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	4	36,612	30,384
Tax on profit on ordinary activities	5	(28,006)	(28,733)
RETAINED PROFIT FOR THE YEAR		8,606	1,651

The reported profit on ordinary activities and the amount retained for the year are presented on a historical cost basis.

There were no recognised gains and losses other than the profit for the current year and prior year and accordingly a statement of total recognised gains and losses has not been presented.

SHELL PROPERTY COMPANY LIMITED**BALANCE SHEET****At 31 December 2008**

	Note	2008 £ 000	2007 £ 000
FIXED ASSETS			
Tangible assets	6	190,013	252,248
CURRENT ASSETS			
Debtors	7	303,911	231,860
CREDITORS: amounts falling due within one year	9	(78,711)	(77,501)
NET CURRENT ASSETS		225,200	154,359
TOTAL ASSETS LESS CURRENT LIABILITIES		415,213	406,607
NET ASSETS		415,213	406,607
CAPITAL AND RESERVES			
Called up share capital	10	457,024	457,024
Profit and loss account	11	(41,811)	(50,417)
EQUITY SHAREHOLDERS' FUNDS	11	415,213	406,607

The accounts on pages 5 to 15 were approved by the Board of Directors 28 October 2009 and were signed on its behalf by:


R. J. Henderson
Director

SHELL PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

1. Accounting policies

a) Accounting convention and compliance with Accounting Standards

The accounts have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 1985, applicable Accounting Standards in the UK and the accounting policies as described below.

There have been no changes in accounting policies in 2008.

b) Group accounts

Group accounts of the Company and its subsidiary undertaking have not been prepared. The Company is exempt from the requirement to prepare consolidated accounts under the provisions of Section 228 of the Companies Act 1985 (as amended by Section 5 of the Companies Act 1989). The accounts present information about the Company as an individual undertaking and not about its group.

The immediate parent company is Shell Holdings (U.K.) Limited.

The ultimate parent company is Royal Dutch Shell, which is incorporated in the UK.

The accounts of the Company and its subsidiary undertaking are incorporated in the annual report and accounts of Royal Dutch Shell.

Copies of the annual report and accounts of Royal Dutch Shell are available from:

Royal Dutch Shell plc
c/o Bankside
Tel: +44 (0)1635 232700
email: bbs@shellbankside.co.uk

c) Fixed asset investments

These comprise investments in shares and loans that the Directors intend to hold on a continuing basis in the Company's business. The investments are stated at cost less provision for impairment. A review for the potential impairment of an investment is carried out by the Company if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. Such impairment reviews are performed in accordance with Financial Reporting Standard ("FRS") 11. Impairments thus arising are recorded in the profit and loss account.

d) Tax

The Company records a tax charge or credit in the profit and loss account calculated at the tax rate prevailing in the year for tax payable to the HM Revenue & Customs, or for group relief to surrender to or to be received from other Group undertakings, and for which payment may be requested.

In the event that payment should be made at a rate different from the tax rate prevailing in the current year, adjustments would be taken up to reflect the rate differential.

SHELL PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

1. Accounting policies (Continued)

e) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profit and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the accounts. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Amounts relating to deferred tax are undiscounted.

f) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and provision for impairment. A review for the potential impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. Such impairment reviews are performed in accordance with FRS 11. Impairments thus arising are recorded in the profit and loss account.

Depreciation and impairment are not normally charged on freehold land.

Depreciation is calculated on a straight line basis over the estimated remaining useful life. The annual percentage rates applicable to the major classes of assets are as follows:

Freehold and leasehold buildings	5 - 17%
Plant and machinery	5 - 17%

SHELL PROPERTY COMPANY LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2008****1. Accounting policies (Continued)****g) Turnover**

Turnover represents amounts receivable (excluding VAT) for the rental of property assets.

h) Operating leases

Rental costs under operating leases are charged to the profit and loss account as incurred. Rents receivable under operating leases are credited to the profit and loss account as due.

i) Cash flow statement

In accordance with the exemption allowed by paragraph 5(a) of FRS 1, a cash flow statement for the Company has not been provided.

j) Related party disclosures

In accordance with the exemption allowed by paragraph 3(c) of FRS 8, no disclosure is made of transactions with other member companies of the Shell Group or investees of the Group qualifying as related parties.

2. Turnover

	2008 £ 000	2007 £ 000
Rents receivable under operating leases	88,652	87,933

3. Other interest receivable and similar income

	2008 £ 000	2007 £ 000
Interest received from a fellow subsidiary undertaking	11,415	9,613
Other interest receivable	0	19
	11,415	9,632

SHELL PROPERTY COMPANY LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2008****4. Profit on ordinary activities before tax**

Profit on ordinary activities before tax is stated after charging the following:

	2008	2007
	£ 000	£ 000
Depreciation on assets	60,672	65,058
Operating lease rentals – other operating leases	908	935
Loss on sale of fixed assets	1,098	422

Audit fees of £6k (2007: £5k) were paid by a group subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK.

Fees paid to PricewaterhouseCoopers LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of Shell Property Company Limited because the Royal Dutch Shell consolidated accounts are required to disclose such fees on a consolidated basis.

The Company had no employees during 2008 (2007: Nil).

None of the Directors received any emoluments in 2008 (2007: £Nil) in respect of their services to the Company.

5. Tax on profit on ordinary activities

The charge for the year of £28,006k (2007: £28,733k) is made up as follows:

	2008	2007
	£ 000	£ 000
UK corporation tax at the standard rate of 28.5% (2007: 30%)	28,010	28,669
Adjustment in respect of prior years	5	26
Total current tax charge	<u>28,015</u>	<u>28,695</u>
Deferred tax:		
Origination and reversal of timing differences	(9)	38
Total deferred tax charge/(credit)	<u>(9)</u>	<u>38</u>
Total tax charge	<u>28,006</u>	<u>28,733</u>

SHELL PROPERTY COMPANY LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2008****5. Tax on profit on ordinary activities (Continued)**

The tax assessed for the year differs from the standard rate of corporation tax in the UK (28.5%).

The differences are explained below:

	2008 £ 000	2007 £ 000
Profit on ordinary activities before tax	(36,612)	(30,384)
Tax on profit on ordinary activities at standard UK corporation tax rate of 28.5% (2007: 30%)	10,434	9,115
Effects of:		
Income not assessable	7	(9)
Expenses not deductible	17,239	19,459
Losses not utilised	304	127
Accelerated capital allowances	15	4
Other timing differences	-	(40)
Tax on imputed interest	11	13
Adjustments to tax charge in respect of prior years	5	26
Current tax charge for the year	28,015	28,695

With effect from 1 April 2008, the corporation tax rate for non upstream companies was reduced to 28%. Profits earned in the period 1st January 2008 to 31st March will continue to be taxed as 30% giving a full year tax rate of 28.5% for Current tax.

SHELL PROPERTY COMPANY LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2008****6. Tangible fixed assets**

	Land and buildings £ 000	Plant and machinery £ 000	Total £ 000
Cost			
Balance at 1 January 2008	96,805	760,362	857,167
Disposals	(7,389)	(4,988)	(12,377)
Balance at 31 December 2008	89,416	755,374	844,790
Depreciation			
Balance at 1 January 2008	61,690	543,229	604,919
Charge for the year	3,163	57,509	60,672
Disposals	(6,987)	(3,827)	(10,814)
Balance at 31 December 2008	57,866	596,911	654,777
Net book amount			
Balance at 31 December 2008	31,550	158,463	190,013
Balance at 31 December 2007	35,115	217,133	252,248

The net book amounts of land and buildings at 31 December 2008 were as follows:

	2008 £ 000	2007 £ 000
Freehold	3,343	3,619
Long leasehold	28,138	31,388
Short leasehold	69	108
	<u>31,550</u>	<u>35,115</u>

The above amounts include the Company's share of assets, which are operated on a joint venture basis with Esso Property Management Company Limited.

Tangible fixed assets held under finance leases for use in operating leases are as follows:

	2008 £ 000	2007 £ 000
Cost	836,550	848,671
Accumulated depreciation	(649,880)	(600,043)
Net book amount	<u>186,670</u>	<u>248,648</u>

SHELL PROPERTY COMPANY LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2008****7. Debtors**

	2008 £ 000	2007 £ 000
Trade debtors	783	556
Amounts owed by Group undertakings:		
Subsidiary undertaking	727	754
Fellow subsidiary undertakings	302,035	230,226
Prepayments and accrued income	323	290
Deferred tax (Note 8)	43	34
	<hr/>	<hr/>
	303,911	231,860

8. Deferred Tax

The amount set aside for deferred tax represents the timing differences between the recognition of items of income and expenditure for accounting and tax purposes for the years up to and including 2008.

There is a closing deferred tax asset of £43k (2007: £34k). This comprises:

	2008 £ 000	2007 £ 000
Accelerated capital allowances	43	34
Total	<hr/>	<hr/>
	43	34

The deferred tax balance is in respect of finance leased assets

Analysis of movement in deferred tax asset	£ 000
Deferred tax asset at 1 January 2008	34
Deferred Tax credit in profit and loss account	14
Effect of notional allowances	(5)
	<hr/>
Deferred tax asset at 31 December 2008	43

There are no unrecognised deferred tax balances as at 31 December 2008.

SHELL PROPERTY COMPANY LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2008****9. Creditors: amounts falling due within one year**

	2008	2007
	£ 000	£ 000
Amounts owed to fellow subsidiary undertakings	20	-
Tax payable	56,685	55,512
Other creditors	39	143
Accruals and deferred income	21,967	21,846
	<u>78,711</u>	<u>77,501</u>

10. Called up share capital

	2008	2007
	£ 000	£ 000
Authorised		
460,000,000 (2007: 460,000,000) ordinary shares of £1 each	<u>460,000</u>	<u>460,000</u>
Allotted, called up and fully paid		
457,024,000 (2007: 457,024,000) ordinary shares of £1 each	<u>457,024</u>	<u>457,024</u>

11. Reconciliation of movements in reserves and shareholders' funds

	Share capital	Profit and loss account	Shareholders' funds
	£ 000	£ 000	£ 000
At 1 January 2007	457,024	(52,068)	404,956
Retained profit for the year	-	1,651	1,651
At 1 January 2008	<u>457,024</u>	<u>(50,417)</u>	<u>406,607</u>
Retained profit for the year	-	8,606	8,606
At 31 December 2008	<u>457,024</u>	<u>(41,811)</u>	<u>415,213</u>

SHELL PROPERTY COMPANY LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2008****12. Commitments under operating leases**

At 31 December 2008 the Company had annual commitments under non-cancellable operating leases as follows:

	2008	2007
	£ 000	£ 000
Leases expiring:		
Within one year	41	-
Within two to five years	695	685
After five years	154	225
	<hr/>	<hr/>
	890	910
	<hr/>	<hr/>

13. Investment in subsidiary undertaking

The Company has one subsidiary undertaking, which does not appear on the face of the balance sheet as the investment is £2.

Name of Company	Country of Incorporation	Principal activity	% of ordinary shares held
Gainrace Limited	England and Wales	Property	100.00

14. Post balance sheet events

On 20 June 2009, the Company completed the surrender of its lease for the Lowestoft Base to Associated British Ports.