

Registration number: 6283254

# SEGRO CHUSA Limited

Annual Report and Financial Statements

For the Year Ended 31 July 2016



# **SEGRO CHUSA Limited**

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## **SEGRO CHUSA Limited**

### **Company Information**

|                          |  |
|--------------------------|--|
| <b>Directors</b>         | A.J. Pilsworth<br>A. O. Peters   |
| <b>Company secretary</b> | E.A. Blease  |
| <b>Registered office</b> | Cunard House<br>15 Regent Street<br>London<br>SW1Y 4LR<br>United Kingdom                     |
| <b>Auditor</b>           | PricewaterhouseCoopers LLP<br>7 More London Riverside<br>London<br>United Kingdom<br>SE1 2RT |

## **SEGRO CHUSA Limited**

### **Strategic Report for the Year Ended 31 July 2016**

The directors present the annual report and the audited financial statements for the year ended 31 July 2016.

#### **Principal activity**

The principle activity of the company is to hold an investment in CHR Holdings II LLC, a Delaware Limited Liability Corporation registered in the USA.

#### **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 result of £nil (2015: result £nil). The company is in a net asset position at the year end.

#### **Principal risks and uncertainties**

The Company, as a subsidiary of SEGRO plc, is managed on a unified basis as part of the SEGRO plc group "The Group". The principal risks faced by the company reflect those of the SEGRO plc group and the table below outlines the principal risks and uncertainties faced by the SEGRO plc group in delivering its strategic priorities for the forthcoming year.

##### **Economic Risks**

- UK exit from the EU
- Changes in macro-economic conditions;
- Changes in government policies; and
- Changes on the commercial environment.

##### **Strategic risks**

- Portfolio shape and performance;
- Pace of strategic change; and
- Impact of Eurozone economic environment.

##### **Financial risks**

- Solvency and covenant breach.

##### **Operational risks**

- Health and safety incidents;
- Environmental damage or failure to meet sustainability targets;
- Business or IT system disruption;
- Failure to attract, retain and motivate key employees; and
- Breach of anti-bribery and corruption legislation.

##### **Investment/ real estate risks**

- Property risks;
- Appropriateness of investment plans; and
- Portfolio valuation

These risks and uncertainties are described in greater detail together with mitigating factors on pages 54 to 61 of the SEGRO plc Annual Report and Financial Statements.

## SEGRO CHUSA Limited

### Strategic Report for the Year Ended 31 July 2016 (continued)

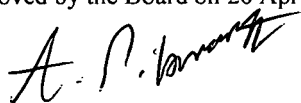
#### Key performance indicators ("KPIs")

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, net asset value and total property returns.

#### Future developments

The Directors expect the general level of activity to remain consistent with the current year in the forthcoming year. This is due to the straightforward nature of the business in which the Company operates.

Approved by the Board on 26 April 2017 and signed on its behalf by:



.....  
A.J. Pilsworth  
Director

## SEGRO CHUSA Limited

### Directors' Report for the Year Ended 31 July 2016

#### Directors of the company

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

J.R. Read (resigned 23 November 2016)

A.J. Pilsworth

A. O. Peters

#### 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.

#### Future developments

Details of future developments can be found in the Strategic Report on pages 2 to 3 and form part of this report by cross-reference.

#### Financial risk management objectives and policies

Details of financial risks can be found under the Principal risks and uncertainties in the Strategic Report on pages 2 to 3 and form part of this report by cross-reference.

#### Employees

There were no employees directly employed by the Company.

#### Dividends

No dividends have been proposed or paid during the year (2015: £nil).

#### 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 auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

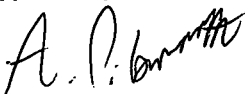
- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's 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.

#### Auditor of the Company

The board elected to appoint PricewaterhouseCoopers LLP as the auditor of the Company for the year ended 31 July 2016. A resolution to reappoint PricewaterhouseCoopers LLP as auditor of the Company is to be proposed at the 2017 AGM.

Approved by the Board on 26 April 2017 and signed on its behalf by:



.....  
A.J. Pilsworth  
Director

## **SEGRO CHUSA Limited**

### **Directors' Responsibilities Statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **SEGRO CHUSA Limited**

### **Independent auditors' report to the members of SEGRO CHUSA Limited**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, SEGRO CHUSA Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 July 2016;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or



## **SEGRO CHUSA Limited**

### **Independent auditors' report to the members of SEGRO CHUSA Limited**

- 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

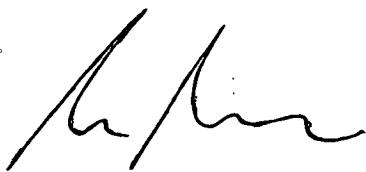
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

## **SEGRO CHUSA Limited**

### **Independent auditors' report to the members of SEGRO CHUSA Limited**

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Craig Hughes (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
27 April 2017

## SEGRO CHUSA Limited

### Profit and Loss Account for the Year Ended 31 July 2016

|                              | Note | 2016<br>£ 000   | 2015<br>£ 000   |
|------------------------------|------|-----------------|-----------------|
| Profit/(loss) before tax     |      | -               | -               |
| Income tax receipt/(expense) | 5    | <u>-</u>        | <u>-</u>        |
| Profit/(loss) for the year   |      | <u><u>-</u></u> | <u><u>-</u></u> |

The above results were derived from continuing operations.

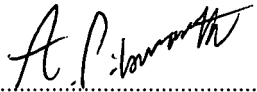
There are no items of other comprehensive income in the current or prior year and therefore no statement of other comprehensive income is shown. Comprehensive income for the current and prior year is the same as the profit/(loss) for the year.

**SEGRO CHUSA Limited**

**(Registration number: 6283254)**  
**Balance Sheet as at 31 July 2016**

|  | Note | 2016<br>£ 000        | 2015<br>£ 000        |
|--|------|----------------------|----------------------|
| <b>Assets</b>  |      |                      |                      |
| Investments in subsidiaries, joint ventures and associates | 6    | <u>21,682</u>        | <u>21,682</u>        |
| <b>Net assets</b>  |      | <u><b>21,682</b></u> | <u><b>21,682</b></u> |
| <b>Capital and reserves</b>                                |      |                      |                      |
| Share premium  | 7    | <u>21,682</u>        | <u>21,682</u>        |
| <b>Total shareholders funds</b>                            |      | <u><b>21,682</b></u> | <u><b>21,682</b></u> |

Approved by the Board on 26 April 2017 and signed on its behalf by:



A.J. Pilsworth

Director

# **SEGRO CHUSA Limited**

## **Statement of Changes in Equity for the Year Ended 31 July 2016**

|                  | <b>Share premium<br/>£ 000</b> | <b>Total<br/>£ 000</b> |
|------------------|--------------------------------|------------------------|
| At 1 August 2015 | <u>21,682</u>                  | <u>21,682</u>          |
| At 31 July 2016  | <u>21,682</u>                  | <u>21,682</u>          |

|                  | <b>Share premium<br/>£ 000</b> | <b>Total<br/>£ 000</b> |
|------------------|--------------------------------|------------------------|
| At 1 August 2014 | <u>21,682</u>                  | <u>21,682</u>          |
| At 31 July 2015  | <u>21,682</u>                  | <u>21,682</u>          |

The notes on pages 12 to 19 form an integral part of these financial statements.

## **SEGRO CHUSA Limited**

### **Notes to the Financial Statements for the Year Ended 31 July 2016**

#### **1 General information**

##### **General**

The Company is a private company limited by share capital incorporated and domiciled in England and Wales. Details of the Company's registered office is set out in the Company information on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

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.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the financial statements of SEGRO plc. The Group financial statements of SEGRO plc are available to the public and can be obtained as set out in note 10.

##### **Adoption of new and revised Standards**

The following new and revised Standards and interpretations have been adopted in the current year. The adoption of the standards, interpretations and amendments effective for the first time from 1 August 2015 had no material effect on the financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities - Applying the Consolidation Exception
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IAS 1: Disclosure Initiative
- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 41: Bearer Plants
- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
- Annual Improvements to IFRSs 2010-2012 Cycle

## SEGRO CHUSA Limited

### Notes to the Financial Statements for the Year Ended 31 July 2016 (continued)

#### 2 Significant accounting policies

##### **Basis of preparation**

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition was effected prior year and did not have a material impact on the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard, for all periods presented, in relation to capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and standards not yet effective.

Where relevant, equivalent disclosures have been given in the group financial statements of SEGRO plc. The group financial statements of SEGRO plc are available to the public and can be obtained as set out in note 10.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## SEGRO CHUSA Limited

### Notes to the Financial Statements for the Year Ended 31 July 2016 (continued)

#### Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2 and 3.

The financial statements have been prepared on a going concern basis, as the Directors intend the Company to maintain the same level of activity during the forthcoming year.

The Directors, having assessed the responses of the Directors of the Company's ultimate parent SEGRO plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the SEGRO plc group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of SEGRO plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Functional currency

The Company has determined that its functional currency is sterling and measures its results and financial position in that currency.

#### Investment property

These properties include completed properties that are generating rent or are available for rent, and development properties that are under development or available for development. Investment properties comprise freehold and leasehold properties and are first measured at cost (including transaction costs), then revalued to market value at each reporting date by independent professional valuers. Leasehold properties are shown gross of the leasehold payables (which are accounted for as finance lease obligations). Valuation gains and losses in a period are taken to the Income Statement. As the Group uses the fair value model, as per IAS 40 Investment Properties, no depreciation is provided. An asset will be classified as held for sale within investment properties, in line with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, where there is Board approval at the year-end date and the asset is expected to be disposed of within 12 months of the balance sheet date.

#### Property acquisitions and disposals

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

#### Investments

Where the Company holds investments in subsidiaries 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 profit and loss account. 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.



## **SEGRO CHUSA Limited**

### **Notes to the Financial Statements for the Year Ended 31 July 2016 (continued)**

#### **Leases**

Leases where substantially all of the risks and rewards of ownership are transferred to the lessee are classified as finance leases. All others are deemed operating leases. Under operating leases, properties leased to tenants are accounted for as investment properties. In cases where only the buildings part of a property lease qualifies as a finance lease, the land is shown as an investment property.

#### **Revenue**

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

#### **Rental income**

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

#### **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. Where the Company acts as an agent, service charge income is netted against the relevant property operating expenses.

#### **Loans**

Loans, other than bank overdrafts, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the profit and loss account over the period of the loans, using the effective interest method.

Gross borrowing costs relating to direct expenditure on properties under development or undergoing major refurbishment are capitalised. The interest capitalised is calculated using the weighted average cost of the loan. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and which form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### **Trade and other receivables**

Trade and other receivables are booked at fair value and subsequently measured at amortised cost using the effective interest method. An impairment provision is created where there is objective evidence that the Company will not be able to collect in full.

#### **Trade and other payables**

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

## SEGRO CHUSA Limited

### Notes to the Financial Statements for the Year Ended 31 July 2016 (continued)

#### Income tax

Income tax on the profit for the period comprises current and deferred tax. Current tax is the tax payable on the taxable income for the period. Deferred tax is provided in full using the Balance Sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that suitable taxable profits will be available against which deductible temporary differences can be utilised.

### 3 Critical accounting judgements

#### Summary of significant accounting policies and key accounting estimates

Management are required to make judgements, estimates and associated assumptions about the carrying amount of the assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revisions and future periods if the revision affects both current and future periods.

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

### 4 Administrative expenses

#### Employees

There were no employees directly employed by the Company in either year.

#### Audit fees

A notional charge of £2,000 (2015: £2,000) per Company is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements. The actual amounts payable to PricewaterhouseCoopers LLP are paid at group level by SEGRO plc.

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

## SEGRO CHUSA Limited

### Notes to the Financial Statements for the Year Ended 31 July 2016 (continued)

#### Directors' remuneration

The Directors received no remuneration in respect of their services to the Company during the year (2015: £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.

#### 5 Income Tax

Tax charged/(credited) in the profit and loss account

|                        | 2016<br>£ 000 | 2015<br>£ 000 |
|------------------------|---------------|---------------|
| Total current taxation | -             | -             |

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20.0% (2015 - 20.67%).

The differences are reconciled below:

|                                  | 2016<br>£ 000 | 2015<br>£ 000 |
|----------------------------------|---------------|---------------|
| Profit/(loss) before tax         | -             | -             |
| Corporation tax at standard rate | -             | -             |
| Total tax charge/(credit)        | -             | -             |

The standard rate of UK corporation tax is due to fall in stages to 17% by April 2020. This is unlikely to significantly impact the Company's tax charge.

## SEGRO CHUSA Limited

### Notes to the Financial Statements for the Year Ended 31 July 2016 (continued)

#### 6 Investments in subsidiaries, joint ventures and associates

|                           | 2016<br>£ 000 | 2015<br>£ 000 |
|---------------------------|---------------|---------------|
| Investments in subsidiary | <u>21,682</u> | <u>21,682</u> |

Details of the subsidiaries as at 31 July 2016 are as follows:

| Name of subsidiary  | Country of incorporation | Proportion of ownership interest and voting rights held |      |
|---------------------|--------------------------|---|------|
|                     |                          | 2016  | 2015 |
| CHR Holdings II LLC | USA                      | 100%  | 100% |

The principle activity of CHR Holdings II LLC is an Investment holding company. The registered address of CHR Holdings II LLC is 1209 Orange Street, Wilmington, County of New Castle, USA

#### 7 Share premium

On 1 August 2007, SEGRO plc, the Company's ultimate controlling party, disposed of its subsidiary Slough Estates USA Inc. (SEUSA). However, certain interests of SEUSA held in the Charterhouse Group, a private equity group, were to remain within the SEGRO plc Group before the disposal was completed.

To facilitate this restructure, SEUSA acquired the Company and its subsidiary CHR Holdings II LLC (CHR) and transferred the direct interest in the Charterhouse Group to CHR. The acquisition of the Company ultimately resulted in share premium of US\$44.1 million (£21.7 million) recognised by the Company as shown above. Share premium has been translated at the rate of exchange at the date of the original transaction.

On the sale of SEUSA by SEGRO plc, the Company was transferred to Slough Trading Estate Limited (a subsidiary of SEGRO plc) by way of a dividend in specie and is therefore still part of the SEGRO plc Group.

## SEGRO CHUSA Limited

### Notes to the Financial Statements for the Year Ended 31 July 2016 (continued)

#### 8 Dividends

No dividends have been proposed or paid during the year (2015: £nil).

#### 9 Called up share capital

##### Allotted, called up and fully paid shares

|                     | 2016     |          | 2015     |          |
|---------------------|----------|----------|----------|----------|
|                     | No.      | £        | No.      | £        |
| Ordinary of £1 each | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> |

The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at the general meetings of the Company.

The number of shares authorised are 100 (2015: 100)

#### 10 Parent and ultimate parent undertaking

The parent and ultimate holding company are Slough Trading Estate Limited and SEGRO plc. respectively, both companies are incorporated in Great Britain

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