CH8

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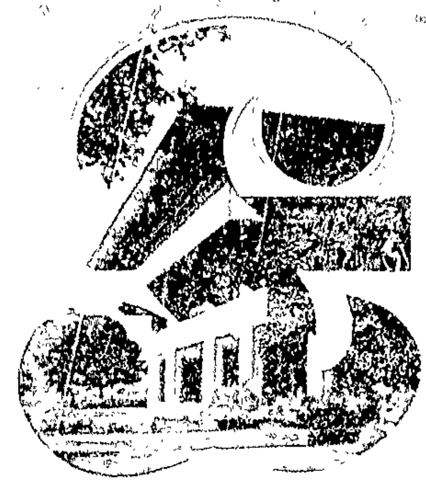
SLOUGH ESTATES



Annual Report
1989

[illegible]

Sir Nigel Mobbs, Chairman

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SLOUGH ESTATES

Group Profile

Slough Estates was founded in 1920 at Slough where its largest industrial estate comprising some 7.6 million sq. ft on 486 acres is located.

Currently Slough Estates owns properties with an aggregate value of £2.1 billion situated in the United Kingdom, Canada, USA, Australia, Belgium, France and Germany. The portfolio comprises 30 million sq. ft. of industrial, office and retail space, together with 470 acres of land for development.

In addition, Slough Estates invests selectively in other property and non-property activities with a view to generating capital and revenue profits for the future. Currently £45 million has been invested in these activities.

The group's primary strategy is to maintain continued real growth in net assets and earnings through investment in the development, acquisition, ownership and management of industrial and commercial property in major business centres of the developed world. This strategy is supported by selective investment in complementary activities.

The philosophy behind the group's property business is that by leasing or renting premises, companies avoid the necessity to tie up valuable capital resources in bricks and mortar, thus releasing funds for more profitable investment in their businesses.

As a major owner of urban property, Slough Estates is very conscious of its responsibilities to the community, the environment and the economy. This is achieved by maintaining high standards of design and property management.

In each country and area of activity, the combination of the group's expertise and experience, backed by significant financial strength, enables Slough Estates to create and capitalize upon opportunities as they occur

Group Information

Slough Estates group of companies

United Kingdom

Head Office and registered office
Slough Estates plc
234 Bath Road
Slough SL1 4EE, England
Telephone Slough (0753) 37171
Fax (0753) 820585

London office
Guildhall Properties Ltd
40 Charles Street
London W1X 7PB, England
Telephone (071) 493 7447
Fax (071) 491 1118

Australia

Slough Estates Australia Pty Limited
367 Collins Street, Melbourne 3000
Victoria, Australia
Telephone (613) 629 6067
Fax (613) 629 5941

Belgium

Slough Management SA
Tollaan 107B-B, LB-1940 Sint Stevens
Woluwe, Belgium
Telephone (322) 725 31 20
Fax (322) 725 34 03

Canada

Slough Estates Canada Limited
7420 Airport Road
Mississauga, Ontario L4T 4E5, Canada
Telephone (416) 677 9010
Fax (416) 677 0367

Germany

Slough Commercial Properties GmbH
Elisabethstrasse 40
4000 Dusseldorf 1, West Germany
Telephone (49) 211 38 20 52 3
Fax (49) 211 37 46 89

USA

Slough Parks Incorporated
1 First National Plaza
Suite 3900, Chicago
Illinois 60603, USA
Telephone (312) 558 9100
Fax (312) 558 9041

Registrar and transfer office

National Westminster Bank PLC
Registrar's Department
PO Box 82, Caxton House, Redcliffe Way
Bristol BS99 7NH

Trustees for debenture and loan stocks

Commercial Union Assurance Company plc
The Law Debenture Corporation plc
The Prudential Assurance Company Ltd

Head office

Executive directors

Sir Nigel Mobbs, DL
Chairman & Chief Executive
G A [illegible]
Executive Vice Chairman
R W Carey
J C Harding, TD
D R Wilson

Non-executive directors

C R F Brooke
D Kramer (USA)
W J Mackenzie, OBE
Sir Donald Maitland, GCMG, OBE
P D Orchard Lisle, CBE, TD, FRICS

Secretary

E A Brooks, FCA

Senior management

C J P Handford, *Guildhall Properties*
J S P Keogan, *Property Development*
R D Kingston, *Financial Controller*
B Rimmer, *Construction*
D F F Simons, *Europe and Australia*
H L Thomason, *Property Investment*
F T F Wiggin, *Utility Services*
J S Appleyard, *Canada*
A Cameron, *Australia*
W E Hens, *Belgium*
M D Lees, *USA*
U Titz, *Germany*

Advisers

Auditors

Coopers & Lybrand Deloitte

Solicitors

Lovell White Durrant
Turner Kenneth Brown

Merchant bankers

S G Warburg & Co Ltd

Principal bankers

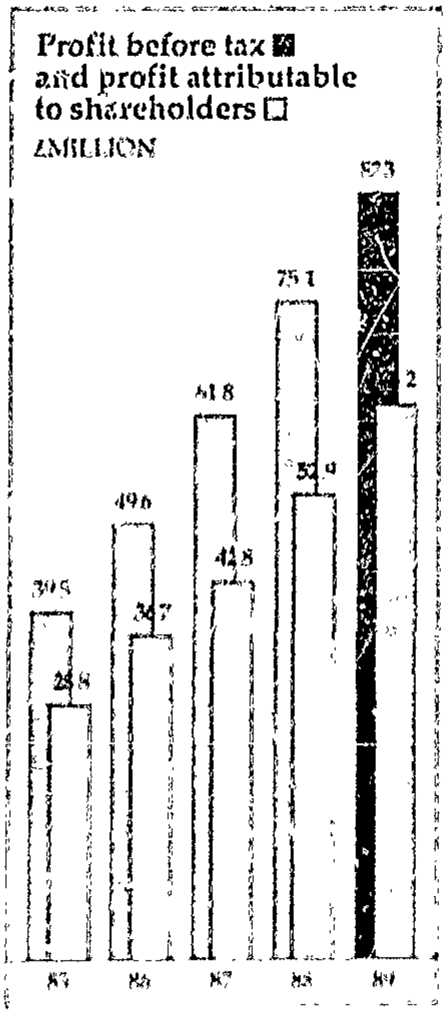
Barclays Bank PLC
National Westminster Bank PLC

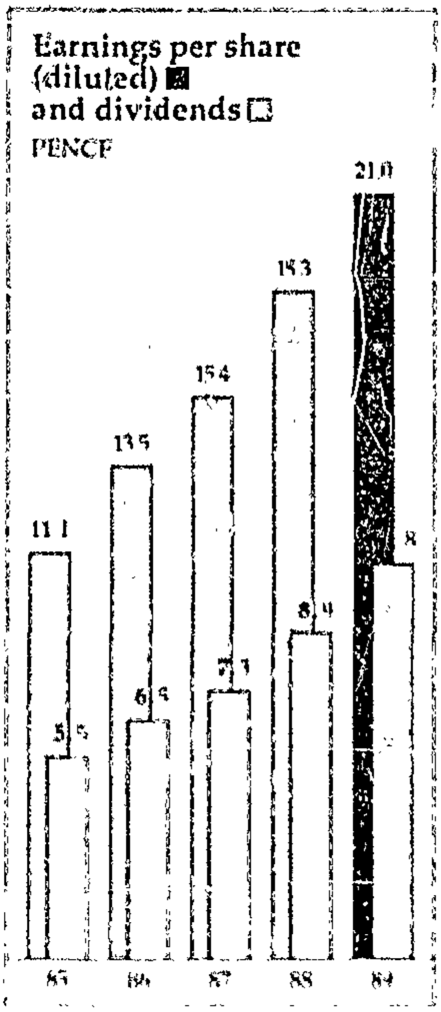
Stockbrokers

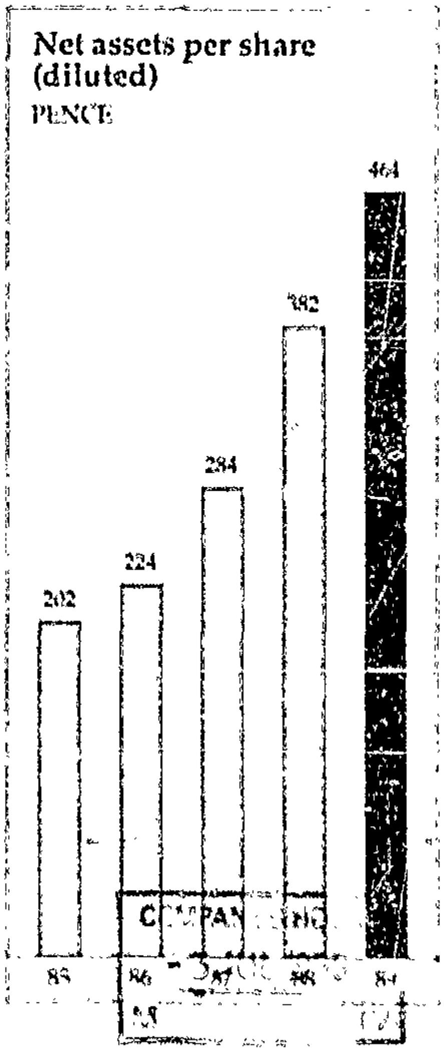
Rowe & Pitman
Sheppards

Financial Highlights

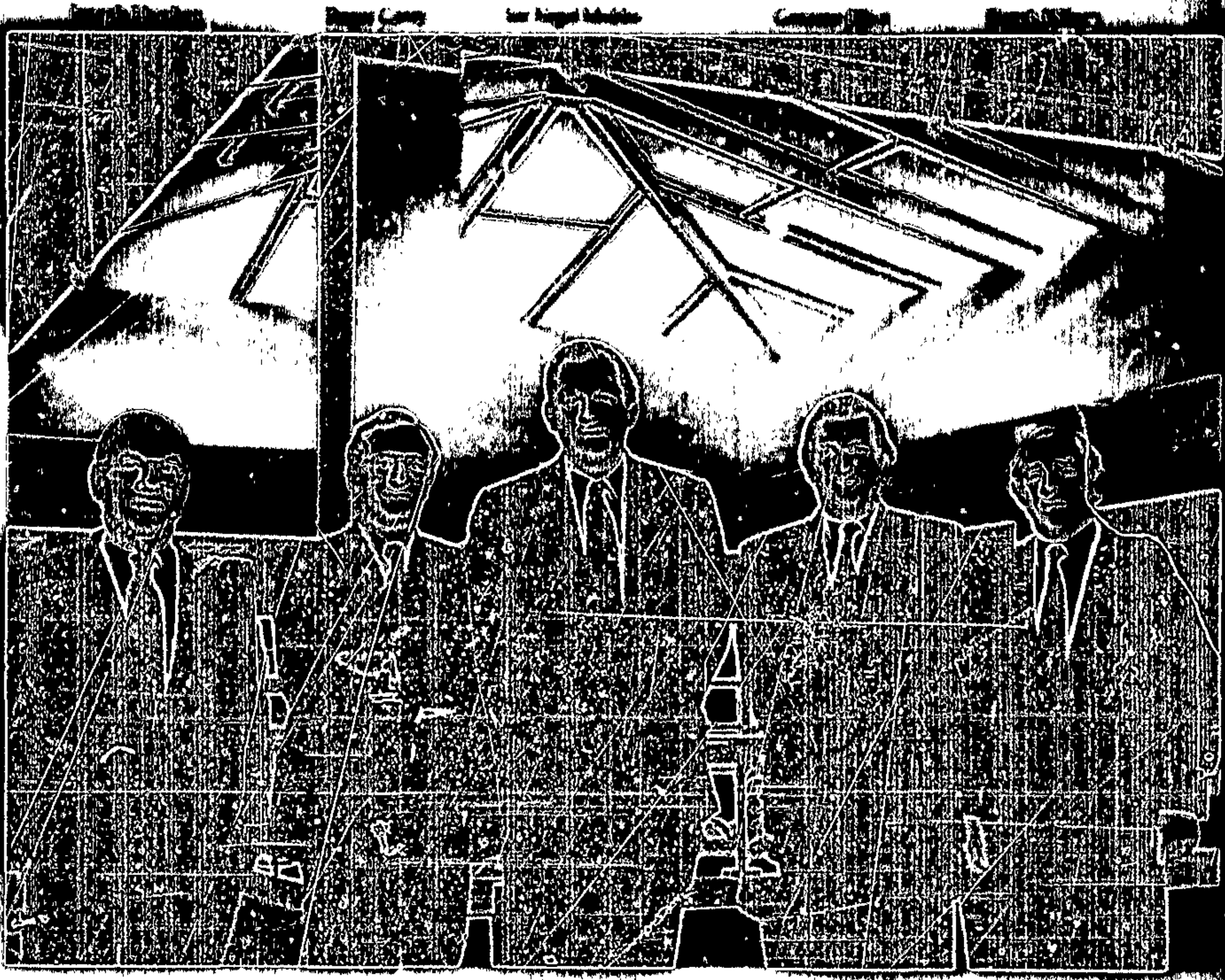
Year to 31 December	1989
	£ million
Profit before tax	87.3
Profit attributable to shareholders	63.2
Dividends	30.6
Total assets	2,401
Net assets	1,380
Earnings per share — basic	22.5p
— diluted	21.0p
Dividends per share (net)	10.8p
Net assets per share — basic	488p
— diluted	464p
Debt to equity ratio	34%







Executive Directors



Chairman and Chief Executive

Sir Nigel Mobbs DL — aged 52
Sir Nigel Mobbs, whose grandfather was a founder of the company, was educated at Marlborough and Christ Church, Oxford and joined Slough Estates in 1960. An executive director since 1963, he became Chairman and Chief Executive in 1976 and carries particular executive responsibility for all overseas operations of Slough Estates. He is a former President of the Council of the British Property Federation and a non-executive director of Barclays Bank PLC, Kingfisher plc and Cookson Group plc. He is a member of the Commonwealth War Graves Commission and Chairman of the DTI Advisory Panel for Deregulation.

Executive Vice Chairman

Graeme Elliot — aged 47. Following a masters degree in law at Magdalene College, Cambridge, he qualified as a chartered accountant with Arthur Andersen in London. After seventeen years with RTZ Corporation plc in several countries, he joined Slough Estates as Executive Vice Chairman in 1985. He is a non-executive director of Candover Investments plc.

Development Director

Roger Carey — aged [illegible]. A fellow of the Royal Institution of Chartered Surveyors, he gained his professional property qualification with local and central government. After 14 years with MEPC, he joined Slough Estates in [illegible] as director responsible for the development and marketing of UK properties. He is also a member of the Board of the Black Country Development Corporation.

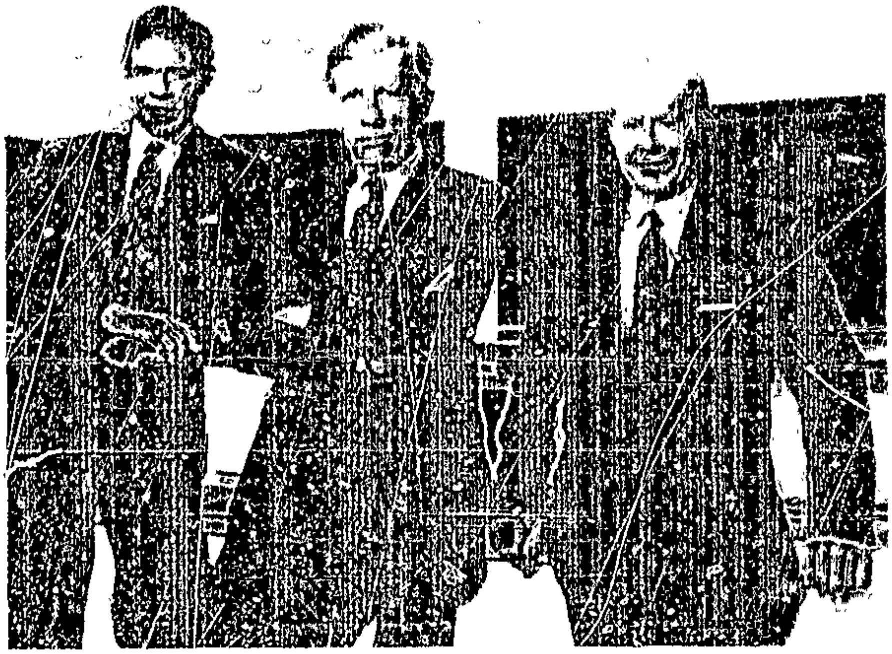
Administration Director

Joseph Harding, JP — aged 60.
A fellow of the Chartered Institute of Secretaries and Administrators, he joined Slough Estates in 19[illegible] as company secretary. His responsibilities include personnel, legal and administrative matters and he is also the Board member responsible for the Utilities Division. He is a Justice of the Peace and is a non-executive director of the Rickmansworth Water Company.

Finance Director

Derek Wilson — aged 45. Following a degree in Economics and Accounting at Bristol University, he qualified as a chartered accountant with Deloitte Haskins & Sells in London and Geneva. After 5 years with Cavenham Limited and 5 years with Wilkinson Sword, he joined Slough Estates from Cadbury Schweppes in 19[illegible].

Non-Executive Directors



Roger Brooke

[illegible]

Douglas Kramer

[illegible]

Wallace Mackenzie OBE

[illegible]

Sir Donald Maitland GCMG OBE

[illegible]

Paul [illegible]

[illegible]

Chairman's Statement

I have pleasure in being able to report another year of significant growth in earnings, dividends and net assets per share

During 1989 we achieved our principal business objectives which were to strengthen the underlying quality of our portfolio by active estate management and to acquire and start work on a significant number of high quality developments

RESULTS

The pre-tax profit for 1989 amounted to £87.3 million compared with £75.1 million for the previous year. Included within the results is a profit from trading properties of £12.1 million (1988 £12.7 million) which includes a trading contribution of £6.5 million from Bredero Properties Plc (1988 £5.4 million).

Taxation has been provided in the sum of £22.0 million (1988 £19.8 million) an effective rate of 25 per cent (1988 26 per cent)

Profits attributable to shareholders of £63.2 million (1988 £52.9 million) include £3.0 million (1988 £2.1 million) from the company's 52.2 per cent interest in Bredero Properties. Bredero has reported pre-tax profits of £7.1 million (1988 £5.1 million).

Earnings per ordinary share amounted to 22.5p per share (diluted 21.0p) compared with 19.0p (diluted 18.3p) for 1988, an increase of 18.4 per cent (diluted 14.8 per cent)

The capital surplus which totalled £236.6 million (1988 £283.0 million) represented mainly by valuation surpluses amounted to 84.1p per share (diluted 71.8p) (1988 105. p per share diluted 91.0p)

DIVIDEND

Your board recommends a net final dividend of 6.6p per share which together with the increased interim dividend already paid represents an improvement of 21.8 per cent compared with the previous year

The higher increase of 27.3 per cent in the interim dividend was intended to narrow the difference between the interim and final distributions

VALUATION

An external valuation of the Group's investment properties was carried out on an open market basis as at 31 December 1989 by the Group's retained valuers. The Accounting Policies statement on page 14 lists the valuers and sets out the basis on which they made their valuations

The gross value of investment properties as at 31 December 1989, taking into account the valuation, construction in progress at cost and exchange rates at that date, amounted to £1,866 million

Net assets per share as at 31 December 1989 amounted to 488p per share (diluted 464p per share) compared with 395p per share (diluted 382p per share), as at 31 December 1988, an increase of 23.5 per cent (diluted 21.5 per cent)

In the U.K. external valuations were undertaken by Richard Ellis and Hillier Parker who each valued part of the portfolio. In aggregate the value increased by £314 million which included £149 million of new construction and acquisitions offset by property sales with book values of £39 million

The positive underlying valuation increase of 16.9 per cent reflected the strong growth of property values during 1989, particularly in the industrial sector. At the end of the year estimated rental values were some 43 per cent higher than rents passing

The rate of growth in values peaked in the late summer. Since then, in response to underlying doubts as to the short term performance of the property investment market, yields have weakened though offset by continuing rental rate growth

Valuation surpluses were recorded in overseas countries with strong growth in Canada and Continental Europe. Sentiment similar to that in the U.K. held back value improvements in the U.S.A. and Australia. The overall increase overseas was 6.1 per cent

For the Group as a whole the total return on shareholders' equity was 27.1 per cent (1988 42.2 per cent). The lower return reflects the outstanding valuation surplus recorded in 1988

GROUP PROGRESS

1989 was a year of sound progress for the Group. The most important achievements, which are described more fully in the accompanying Review of Activities, were as follows

In the U.K.

- The construction of 660,000 sq ft of new space with a further 650,000 sq ft under construction at the year-end
- The leasing of 733,000 sq ft of new and existing property
- Continued improvement of the investment portfolio by positive estate management
- The sale of trading properties (excluding the results of Bredero Properties) to produce a profit of £4.9 million
- A strong performance by Bredero Properties (52.2 per cent owned) and London & Paris Property Group (20 per cent owned)
- The continued profitability of the Utilities Division

Overseas

- The construction of 1.43 million sq ft of new buildings.
- In Canada land acquisition of 72 acres in Toronto and Vancouver.
- In Europe continued expansion in Belgium, France and Germany.
- In the U.S.A. the formation of new partnerships in California and Washington D.C.

The company has a large portfolio of property worldwide which is capable of development or redevelopment as and when profitable opportunities arise. Current property commitments amount to some £400 million which will be incurred over the next three years. The total cost of developing all available land is projected at over £1 billion but the momentum of future development will be adjusted to the level of demand and availability of resources.

FINANCE

The board has continued to give emphasis to the positive management of the Group's financing of its development programme: This has been achieved by various means which include a US$130 million seven year facility to finance the U.S.A. development programme swapped into fixed rates at below 9 per cent per annum, the negotiation of a £15 million European Investment Bank loan to help finance the new power station investment and arrangements to finance the Shopping Centres Limited joint venture with Tesco and the Lewisham Shopping Centre joint venture with Bredero.

Arrangements are also in hand for Bredero Properties to borrow £35 million to fund the first phase of development at Hammersmith. This funding is being managed by Barclays Bank.

Attention has been given to minimizing the Group's exposure to high interest rates. Of the total Group borrowings of £803 million, 78 per cent was at fixed interest rates or covered by swaps or caps which have the effect of fixing interest liabilities. Out of total sterling borrowings of £284 million, 95 per cent was at fixed or capped rates. The average interest rate applicable to all borrowings is 10 per cent.

ENVIRONMENTAL ISSUES

The company is conscious of the need to protect the environment and of the risk of over-development in some communities. Consequently policies have been adopted to limit the use of harmful materials in buildings, to enhance the siting and appearance of new development and to improve overall estate management. It is, however, important to ensure that such policies should not adversely affect national economic competitiveness or the company's comparative performance.

COMMUNITY INVOLVEMENT

During 1989 the company contributed £269,000 in supporting charitable causes and community affairs, particularly where they are local to Slough or where they enhance employment opportunity.

The company is a member of The Per Cent Club and commits an amount equal to at least one per cent of the dividends payable to support such ventures. We believe that it is in the company's long-term interest to encourage wider community involvement by business at all levels.

The company has continued to sponsor the annual National Art-Collections Fund awards.

DIRECTORS

Brief biographical notes for the directors are set out on pages 4 and 5.

In April 1989 Mr. Leslie Smith, a director of the company since 1984, died. Mr. Smith had been a director and latterly Chairman of Allnatt London Properties until its merger with Slough Estates in 1984. His knowledge of the property market and his companionship are sadly missed by all his friends. I extend our sympathy to his widow and family.

In May 1989, Mr. Peter Johnston, the executive director responsible for the management of the U.K. Property Investment Division, resigned.

By virtue of the Articles of Association, Mr. Douglas Kramer, Mr. Wallace Mackenzie and Mr. Derek Wilson retire by rotation and offer themselves for re-election.

MANAGEMENT & STAFF

Mr. Hugh Thomson, who has been with the Group for 14 years, has assumed responsibility for the management of the U.K. Property Investment Division.

Mr. Marshall Lees, who has been with the Group for 3 years, has been appointed President of Slough Parks Inc. in the U.S.A. and will become resident there during 1990.

In Germany a management office was opened in Dusseldorf. Dr. Udo Titz has been appointed General Manager.

Throughout its operations the Group is fortunate to have a devoted and experienced management team and staff. With the growing sophistication of property development, ownership and funding, it is vital for future success that we have excellent management resources. We therefore give considerable emphasis to the review of benefits and training programmes.

I would like to pay tribute to all our employees and express the appreciation of the board for their support and the gratitude of the shareholders for their efforts.

TRADING CONDITIONS AND PROSPECTS

As we enter the '90s all business is facing a decade of political, economic and technological change. Political turmoil in Eastern Europe may well offer new opportunity but the structural changes necessary to enable free market principles to operate could place undue burdens on Western economies. In many of the countries in which we operate there are clear signs of higher inflation, higher interest rates, diminishing business confidence and lower corporate investment. Consequently, the commercial and industrial property sector is facing a period of re-adjustment as user demand declines, property availability increases and investment demand remains uncertain.

Following 2 or 3 years of very good performance, property investment yields in the U.K. are weakening with U.K. institutional investment at a low level. To some extent this decline has been offset by increasing involvement by investors from Japan, Europe and the U.S.A. There are however signs that with values now at a more rational level some U.K. institutions may well increase their investment activity in 1990.

There has been a significant increase in the supply of new office accommodation, particularly in the City of London and its fringes and in some parts of the south-east and provinces. The demand for retail space has also declined as the strength of consumer purchasing weakens. These changes in supply and demand coincide with increased cost pressures on business in general resulting from interest rates, wages and the Uniform Business Rate. Consequently user demand cannot be expected to recover during the next 12 to 18 months.

Industrial property, which remains the dominant interest of the Group, has been less affected by these factors and vacancies in this sector remain at a low level.

The consequence of these conditions will be that the consistent strong growth in values and underlying rental rates seen over the past 3 years will be less evident in the immediate future.

I believe that these conditions will be short-lived as Britain's economic stability is much better based than in earlier cycles. Environmental and financial constraints will delay much new development but the prospects following the unification of the European Community internal market in 1992 will lead to greater prosperity, resulting in improved demand for modern, efficient and economic business property. Our development programme is targeted to provide just this kind of new accommodation and will result in further growth of value and profits.

In Belgium, France and Germany conditions are more stable and investor and occupier demand remains very encouraging. The continuing progress towards the completion of the European Community internal market in 1992 offers great opportunity for the future.

In North America, after two years good performance, the Canadian economy is slowing which is evidenced by a decline in enquiries for space. In the U.S.A. there is a significant over-supply of space in many markets which is depressing rental growth and values. The failure of many Savings and Loans Associations and the resultant federal measures to alleviate the situation are all sapping confidence. However, these conditions often mask the very real opportunities that do exist in selective market-places and a continuing requirement by business for improved working conditions.

In Australia economic conditions are uniformly adverse. Nevertheless demand, particularly in Sydney, is still good and there are signs that the very high levels of interest rates are now abating.

THE YEAR AHEAD

Slough Estates has a balanced portfolio located in major commercial centres providing good business accommodation. The forward development programme is well-conceived and managed. The company remains well-financed with only a small proportion of its borrowing susceptible to variable interest rates.

Nevertheless, in the short-term operating conditions have become tougher and extra care will be needed to avoid over-exposure to those sectors and locations which are most vulnerable to weakening business demand.

1990 will be a harsh year for British business beset by high interest rates and extra costs. Nevertheless, unless unforeseen circumstances arise, I am confident that the company will record another successful year.

Nigel Mobbs
Chairman

Shareholders' information

Financial calendar

February
Payments: 7½ per cent first mortgage *debenture stock 1966/90 interest.*

Late March
Announcement of results for the year ended 31 December last and recommended final dividend.

April
Post annual report to shareholders

May
Annual general meeting.
Payment of approved final dividend.

Payments: 10 per cent Bonds 2007 interest
6 per cent Convertible Bonds 2003 interest

June
Payments: 12¾ per cent unsecured loan stock 2009 interest.
11¾ per cent first mortgage debenture stock 2019 interest

August
Redemption of 7½ per cent first mortgage debenture stock 1966/90
Announcement of half year results

Early September
Post interim report to shareholders

Mid October
Payment of interim dividend

December
Payments 12¾ per cent unsecured loan stock 2009 interest.
11¾ per cent first mortgage debenture stock 2019 interest

Analysis of ordinary shareholders at 31 December 1989

	Number of holdings	Amount of holdings	per cent
Banks and discount companies	1,131	3,180,228	1.1
Other corporate holders	1,236	32,767,961	11.6
Insurance companies	271	29,712,887	10.5
Investment trusts	56	1,166,395	0.4
Pension funds	59	7,495,308	2.7
Nominee companies	1,614	114,194,444	40.4
Individuals	13,788	94,291,892	33.3
	18,155	282,809,115	100.0

Individuals' Shareholdings	Number of holdings	Amount of holdings	per cent
1 – 100	193	10,816	
101 – 500	1,450	492,770	0.5
501 – 1,000	2,338	1,937,620	2.1
1,001 – 5,000	7,789	18,700,768	19.8
5,001 – 10,000	1,299	9,124,599	9.7
10,001 – 25,000	538	8,045,846	8.5
25,001 – 50,000	105	3,593,185	3.8
50,001 and above	65	52,385,284	55.6
	13,788	94,291,892	100.0

Taxation

The values at the following dates for the purposes of UK capital gains tax were:

	6 April 1965	31 March 1982
Ordinary shares of 25p each (adjusted for capitalisation issues in 1967, 1972, 1979 and 1982)	12.30p	308p
10% convertible loan stock 1987/90	not in issue	255p
8% convertible loan stock 1991/94	not in issue	115.5p

Stock Market Prices

Financial Year	1989	1988	1987	1986	1985
Highest	395p	335p	312p	183p	165p
Lowest	291p	234p	181p	143p	126p
31 December	331p	298p	256p	181p	148p

Accounting policies

Basis of accounting

These financial statements have been prepared on the basis of historical costs but incorporating property valuations.

The value of investments in subsidiaries and associates has been adjusted to reflect the underlying net asset values

The company has taken advantage of the exemption provided by Section 228(7) of the Companies Act 1985 from presenting its own profit and loss account.

Consolidation

The consolidated financial statements comprise the results of the company and all its subsidiaries, from the date of acquisition, made up to 31 December together with the group's share of net profits and reserves of associates.

Foreign currencies

Assets and liabilities expressed in foreign currency and profits and losses of overseas subsidiaries are translated into sterling at year end exchange rates. Exchange differences arising on revenue items are reflected in the profit and loss account, together with any translation differences arising on currency borrowings which are not covered by translation differences arising on investments in currency assets. All other translation differences are reflected in reserves

Property valuation

Completed investment properties and land held for or under development were valued as at 31 December by Richard Ellis and Hillier Parker in the United Kingdom, in Australia by Richard Ellis (Victoria) Pty Limited and Jones Lang Wootton, in the USA by Richard Ellis Inc, in Canada by Stewart Young & Mason Limited, in Belgium by King & Co. s.a., in France by Auguste-Thouard & Conseils and in Germany by Weatherall Green & Smith GmbH

These valuations have been prepared on the basis of open market value in accordance with the relevant guidance notes on the valuation of property assets applicable to each country Each property has been valued individually and not as part of a portfolio No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges, and no allowance has been made for any expenses of realisation, nor for any taxation which might arise in the event of a disposal The figures also do not reflect any element of special purchaser value following a merger of interests or sale to an owner or occupier of an adjoining property.

The valuations have been prepared on the basis of information provided to the respective valuers by the group relating to title, tenure, lettings, site and floor areas, planning consents and other relevant information. Valuers were instructed to assume that no deleterious materials or techniques had been used in the construction of any of the buildings and not to carry out structural surveys

The surpluses and deficiencies arising attributable to the group are reflected in unrealised capital reserves. To the extent that projects have not been included in the valuation review, they are included at cost or at the directors' assessment of open market value. Buildings under construction are valued at cost.

Depreciation

(a) Properties: No depreciation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

(b) Plant and equipment: No depreciation is charged where plant and equipment is provided in the group's premises for the use of its tenants, as it is covered by the full repairing covenant embodied in the respective leases. Other plant and equipment operated by the group in the normal course of business is depreciated on a straight line basis over its estimated useful life: mainly 10-25 years.

Trading properties

Properties are held at the lower of cost, including finance costs, and market value, less progress payments receivable. Cost includes direct expenditure and interest less any relevant income.

Stocks

Stocks are valued at cost, on a first in, first out basis, or market value, whichever is the lower.

Investments

Investments held as current assets are stated at the lower of cost and directors' assessment of current market value.

Capitalisation of interest cost

(i) on the cost of land held for development: Interest costs incurred in funding such land are capitalised provided that the resultant book value does not in the opinion of the directors exceed current market values.

(ii) on the cost of construction: Interest costs incurred in funding land under development and construction work in progress are capitalised during the period of development provided that the aggregate book value does not in the opinion of the directors exceed the current market value. A property is regarded as being in the course of development until substantially let or the expiration of a period varying from 6 months to 2 years from the issue of the Architect's certificate of practical completion, whichever is the earlier. Interest costs incurred in funding major construction programmes for the Utilities Division are capitalised during the period of construction.

Taxation

Deferred taxation is provided by the liability method on short term timing differences only to the extent that a liability to pay tax is foreseen. No deferred taxation is provided on capital allowances attributable to assets which are not subject to depreciation. No provision is made for any contingent liability in respect of capital gains tax or other taxation which would arise in the event of sales of investment properties being effected at the valuation at which they are carried in the balance sheet.

Group profit and loss account

For the year ended 31 December 1989

	Note	1989 £m	1988 £m
Operating income:			
Property investment		89.8	75.5
Property trading		12.1	12.7
Other trading		4.3	4.3
	1	106.2	92.[illegible]
Other income	2	2.5	1.5
Administration expenses	3	(9.5)	(8.0)
Profit before interest and tax		99.2	86.0
Interest (net)	5	(13.0)	(11.0)
Share of associates' profit		1.1	0.1
Profit on ordinary activities before taxation		87.3	75.1
Taxation	6	(22.0)	(19.8)
Profit on ordinary activities after taxation		65.3	55.3
Minority interests		(2.1)	(2.4)
Profit attributable to shareholders		63.2	52.9
Ordinary dividends	7	(30.6)	(25.0)
Retained profits	14	32.6	27.9
Earnings per ordinary share — basic	8	22.5p	19.0p
Earnings per ordinary share — fully diluted	8	21.0p	18.3p

The notes on pages 14 and 15 and 20 to 30 inclusive form part of these accounts

Group capital account

Movement for the year ended 31 December 1989

	Note	1989 £m	1988 £m
Realised			
Surplus over book value on sale of properties		4.1	4.2
Prior year revaluation surpluses realised		21.9	3.6
Profit on disposals		26.0	7.8
Exchange fluctuations		(1.3)	1.6
Other items		(0.9)	(0.3)
		23.8	9.1
Taxation		(2.1)	(1.8)
Realised capital surplus for the year		21.7	7.3
Unrealised			
Surplus on revaluation of properties	9	229.9	270.6
Surplus/(deficit) on revaluation of investments		(0.7)	4.8
		229.2	275.4
Prior year revaluations realised		(21.9)	(3.6)
Exchange fluctuations		11.4	9.8
Goodwill on acquisition of investments		—	(1.7)
Other items		—	(0.1)
		218.7	279.8
Minority interests		(3.8)	(4.1)
Unrealised capital surplus for the year		214.9	275.7
Capital surplus for the year attributable to shareholders	11	236.6	283.0
Capital surplus for the year per ordinary share — basic	8	84.1p	101.5p
Capital surplus for the year per ordinary share — fully diluted	8	71.8p	91.0p

The notes on pages 14 and 15 and 20 to 30 inclusive form part of these accounts

Balance sheets

as at 31 December 1989

	Notes	Group 1989 £m	Group 1988 £m	Company 1989 £m	Company 1988 £m
Fixed assets					
Tangible assets — properties	9	1,866.1	1,408.1	—	—
— other	10	34.1	19.3	—	—
Investments	11	61.9	49.0	1,990.9	1,521.5
		1,962.1	1,476.4	1,990.9	1,521.5
Current assets					
Stocks	12	270.9	154.3	—	—
Debtors	12	58.7	56.3	6.2	6.2
Trading investments	12	10.0	8.5	—	—
Cash and deposits	12	99.3	185.2	—	—
		438.9	404.3	6.2	6.2
Total assets		2,401.0	1,880.7	1997.1	1,527.7
Capital and reserves					
Called up share capital	13	70.7	70.0	70.7	70.0
Share premium account	14	80.9	78.4	80.9	78.4
Capital reserves	14	1,046.2	816.5	1,189.1	930.7
Profit and loss account	14	181.7	142.2	38.8	28.0
Shareholders' equity		1,379.5	1,107.1	1,379.5	1,107.1
Minority interests		57.0	29.1	—	—
Provisions for liabilities and charges	16	3.9	4.2	1.8	1.4
Creditors falling due within one year					
Borrowings	17	84.0	41.9	1.6	
Other	18	142.9	112.4	[illegible]	10.4
Creditors falling due after more than one year					
Borrowings	17	719.1	582.0	[illegible]	
Other	18	14.6	[illegible]	[illegible]	[illegible]
		2,401.0	1,880.7	1,997.1	[illegible]
Net assets per share — basic	8	488p	395p		
Net assets per share — fully diluted	8	464p	382p		

Sir Nigel Mobbs
G A Elliot
Directors

The notes on pages 14 and 15 and 20 to 30 inclusive form part of these accounts

Group source and application of funds

For the year ended 31 December 1989

	Total 1989 £m	Total 1988 £m
Source of funds		
Profit on ordinary activities before taxation	87.3	75.1
Items not involving the movement of funds		
Depreciation	2.5	2.1
Exchange differences	(31.8)	(8.2)
Profit retained in associates	(0.4)	(0.1)
Funds generated from operations	57.6	68.9
Funds from other sources		
Disposal of tangible fixed assets	56.9	20.6
Issue of ordinary shares	1.2	2.2
Increase/(decrease) in minority interests	20.6	(0.5)
Goodwill on acquisition	—	(1.7)
Return of capital from associates	1.2	0.6
	131.5	90.1
Application of funds		
Acquisition of tangible fixed assets	254.5	143.8
Increase in investments	13.5	4.8
Taxation paid	23.0	27.1
Dividends paid	27.6	21.8
Cost of raising finance	—	[illegible]
	318.6	201.5
Net increase in working capital		
Trading properties and stock	114.3	43.4
Debtors/creditors	(33.4)	(12.8)
	80.9	30.6
Total funds applied	399.5	232.1
Net cash outflow	268.0	142.0
Represented by:		
Increase in bank loans and overdrafts	14.5	106.8
Increase in unsecured loans	127.0	155.1
Increase in secured loans	40.6	14.4
Decrease/(increase) in cash and short term deposits	85.9	(134.3)
	268.0	142.0

The notes on pages 14 and 15 and 20 to 30 inclusive form part of these accounts.

Notes to the accounts

1 Turnover and operating income

	Turnover 1989 £m	Turnover 1988 £m	Operating income 1989 £m	Operating income 1988 £m
Property investment	101.1	84.6	89.8	75.5
Property trading	60.4	50.6	12.1	12.7
Utilities (UK)	17.7	17.0	3.9	3.3
Merchandising (Canada)	3.9	6.5	0.4	0.8
	183.1	158.7	106.2	92.5
Geographical area:				
United Kingdom	131.5	120.1	83.8	74.2
Canada	19.9	11.7	10.4	7.2
USA	4.1	5.8	1.1	2.0
Europe	17.9	13.5	6.5	5.9
Australia	9.7	4.6	4.4	3.2
	183.1	158.7	106.2	92.5

Turnover comprises: rent and recharges charged to tenants; the net realised value of trading properties and the value of work, including attributable profit, carried out during the year on presold trading property developments; and the amounts invoiced to utilities and merchandise customers.

Operating income is made up as follows:

		1989 £m	1988 £m
a) Property investment:	Rents and recharges receivable		
	— UK	75.3	65.6
	— Canada	11.2	8.3
	— USA	4.0	3.2
	— Europe	5.1	3.9
	— Australia	5.5	3.6
		101.1	84.6
	Ground rents payable	(0.2)	(0.1)
	Other property outgoings	(11.1)	(9.0)
		89.8	75.5
b) Property trading:	Sales	60.4	50.6
	Cost of sales	(48.3)	(37.9)
		12.1	12.7
c) Other trading:	Sales	21.6	23.5
	Cost of sales	(16.0)	(18.0)
	Depreciation	(1.3)	(1.2)
		4.3	4.3

2 Other income

	1989 £m	1988 £m
Net profit on trading investments	0.3	1.0
Dividends received from investments — listed	1.4	0.4
— unlisted	0.3	—
Other	0.5	0.1
	2.5	1.5

3 Administration expenses

	1989 £m	1988 £m
Directors' remuneration (see note 4)	1.1	0.9
Depreciation of tangible fixed assets	1.2	0.9
Auditors' remuneration	0.4	0.3
Other administration costs	6.8	5.9
	9.5	8.0

Employees' staff costs were:	Property management £m	Utilities £m	Merchandising £m	Total 1989 £m	Total 1988 £m
Wages and salaries	8.2	2.2	0.7	11.1	9.0
Social security costs	0.7	0.2	—	0.9	0.8
Pension contributions	1.0	0.3	—	1.3	1.0
	9.9	2.7	0.7	13.3	10.8

The average number of employees of the group was 495 (1988 478) of which 376 (1988 333) were engaged in property development, management and general administration, 87 (1988 85) were engaged in utilities and 32 (1988 60) were engaged in merchandising. The average number of employees in the UK amounted to 384 (1988 349).

The group operates a number of pension schemes throughout the world. Total pension costs for the group were £1.3 million (1988 £1.0 million) of which £0.1 million (1988 £0.1 million) related to overseas schemes. Pension costs relating to overseas schemes have been determined in accordance with local best practice. The two UK schemes are of the defined benefit type. Contributions to the schemes, which are assessed in accordance with the advice of qualified actuaries on the basis of triennial valuations using the attained age and discontinuance funding methods of valuation respectively, are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The latest actuarial valuations as at 1 April 1989 and 1 January 1986 respectively assumed investment returns 0.5% and 1.5% per annum higher than the rate of annual salary increase and 5% per annum higher than the rate of increase of present and future pensions.

At the date of the latest valuations, the market value of the assets of the two UK schemes was £11.7 million and the actuarial value of those assets represented 104% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Supplementary ex-gratia pensions of approximately £0.1 million per annum are paid out of profits.

4 Directors' remuneration

	1989 £000	1988 £000
Fees	64	70
Salaries	846	766
Pensions	29	25
Compensation for loss of office	169	—
	1,108	861
Chairman's remuneration (the highest paid director)	211	175
Number of other directors whose remuneration was between:		
£150,001 – £155,000	1	–
£125,001 – £130,000	—	1
£120,001 – £125,000	1	–
£115,001 – £120,000	1	
£110,001 – £115,000	—	1
£ 90,001 – £ 95,000	—	1
£ 85,001 – £ 90,000	1	
£ 75,001 – £ 80,000	—	1
£ 65,001 – £ 70,000	—	1
£ 30,001 – £ 35,000	1	–
£ 10,001 – £ 15,000	5	6
£ 0 – £ 5,000	1	

Directors' and other employees' interests subsisting during the year

Mr P D Orchard-Lisle is the senior partner in the firm of Healey & Baker which has continued to act during 1989 as one of the group's property advisers and as such has received fees for its services on normal professional terms.

Mr D Kramer is the president of Draper & Kramer Inc and is interested in 10 per cent of the issued share capital of Draper & Kramer Inc which has since 1974 held 20 per cent of SDK Industrial Parks, a joint venture partnership with the group in the USA. During 1989 Draper & Kramer Inc have continued to provide professional and management services to partnerships in which the group has an interest and received fees for their services on normal professional terms.

5 Interest

	1989 £m	1988 £m
On loans, bank loans and overdrafts		
Repayable within 5 years	24.0	13.6
Repayable wholly or partly in more than 5 years	49.6	31.6
	73.6	45.2
Less interest received	(22.2)	(13.8)
Less amount charged to: the development of trading properties	(15.8)	(8.5)
the development of investment properties	(22.6)	(11.9)
Charged to profit and loss account	13.0	11.0

6 Taxation

	1989 £m	1988 £m
Provision for taxation based on profits for the year		
United Kingdom		
Corporation tax at 35 per cent	20.7	21.2
Overprovision in earlier years	(0.4)	(0.9)
Double taxation relief	—	(0.4)
Deferred taxation	0.7	(0.7)
	21.0	19.2
Overseas		
Current taxation	1.5	0.5
Deferred taxation	(0.5)	0.1
	22.0	19.8

Note: The tax charge has benefited/(suffered) at standard tax rates in respect of:

	1989	1988
UK-industrial building allowances	(1.0)	1.1
-plant allowances	2.8	1.6
-interest capitalised on land and buildings	3.9	2.6
Overseas capital allowances, operating losses brought forward and timing differences	5.3	4.7

7 Ordinary dividends (net)

	1989 £m	1988 £m
Interim dividend 4.2p per share (1988 3.3p)	11.9	9.3
Proposed final dividend 6.6p per share (1988 5.6p)	18.7	15.7
	30.6	25.0

8 Earnings, capital surplus and net assets per ordinary share

The earnings, capital surplus and net assets per ordinary share have been calculated as follows:

			Basic 1989	Basic 1988	Fully diluted 1989	Fully diluted 1988
Profit attributable to ordinary shareholders	(a)	£m	63.2	[illegible]	69.3	56.8
Capital surplus	(b)	£m	236.6	[illegible]	236.6	283.0
Average of shares in issue during the year	(c)	shares m	281.4	[illegible]	329.6	311.0
Earnings per share (a) ÷ (c)		pence	22.5	[illegible]	21.0	18.3
Capital surplus per share (b) ÷ (c)		pence	84.1	[illegible]	71.8	91.3
Shareholders' equity	(d)	£m	1,379.5	[illegible]	1,534.0	1,262.2
Shares in issue at the end of the year	(e)	shares m	282.8	[illegible]	330.8	330.1
Net assets per share (d) ÷ (e)		pence	488	[illegible]	464	382

9 Tangible assets — investment properties

	UK £m	Canada £m	USA £m	Europe £m	Australia £m	Total £m
At 1 January 1989	1,092.7	154.8	30.6	60.1	69.9	1,408.1
Exchange movement	—	23.2	3.8	10.5	2.7	40.2
Additions	149.3	32.9	25.7	16.4	14.4	236.7
Disposals	(39.0)	(4.0)	—	(5.8)	—	(48.8)
Surplus on valuation	203.6	13.7	(1.7)	12.6	1.7	229.9
At 31 December 1989	1,406.6	220.6	56.4	93.8	88.7	1,866.1
Completed properties	1,215.7	165.7	45.8	88.4	64.1	1,579.7
Properties for or under development	190.9	54.9	10.6	5.4	24.6	286.4
	1,406.6	220.6	56.4	93.8	88.7	1,866.1

	1989 £m	1988 £m
Properties held at valuation : cost	818.9	620.9
: valuation surplus	971.8	748.1
	1,790.7	1,369.0
Properties held at cost	75.4	39.1
	1,866.1	1,408.1

The above assets include long term leaseholds valued at £103.5 million (1988 £80.5 million) and short leaseholds valued at £0.2 million (1988 £0.2 million).

Completed investment properties and land held for development were valued as at 31 December 1989 by Richard Ellis and Hillier Parker in the United Kingdom, in Australia by Richard Ellis (Victoria) Pty Limited and Jones Lang Wootton, in the USA by Richard Ellis Inc, in Canada by Stewart Young & Mason Limited, in Belgium by King & Co. s.a., in France by Auguste-Thouard & Conseils and in Germany by Weatherall Green & Smith GmbH.

10 Tangible assets — other

	Cost £m	Depreciation £m	Net £m
At 1 January 1989	31.8	(12.5)	19.3
Exchange movement	0.2	(0.1)	0.1
Additions in year	17.8	(2.5)	15.3
Disposals	(1.1)	0.5	(0.6)
At 31 December 1989	48.7	(14.6)	34.1

The net book value includes utilities plant and equipment amounting to £28.9 million (1988 £14.1 million) of which £14.4 million (1988 nil) represents costs incurred on a project under construction.

11 Investments

Group

	Associates £m	Other £m	Total 1989 £m	Total 1988 £m
Cost or valuation at 1 January 1989	27.4	21.6	49.0	45.5
Exchange movements	2.4	—	2.4	0.8
Reclassification	—	—	—	(6.5)
Additions	12.0	—	12.0	4.9
Return of capital	(1.2)	—	(1.2)	(0.6)
Valuation (deficit)/surplus	(0.1)	(0.6)	(0.7)	4.8
Share of profits	0.4	—	0.4	0.1
Cost or valuation at 31 December 1989	40.9	21.0	61.9	49.0
Analysed as follows: Cost less amounts written off	35.4	15.1	50.5	37.7
Valuation surplus	1.7	5.9	7.6	8.0
Share of profits	3.8	—	3.8	3.3
	40.9	21.0	61.9	49.0

Company

	Associates £m	Subsidiaries Shares £m	Subsidiaries Loans £m	1989 £m
Cost or valuation at 1 January 1989	6.9	953.0	561.6	1,521.5
Additions (net)	7.3	22.8	180.9	211.0
Valuation surplus	0.5	257.9	—	258.4
Cost or valuation at 31 December 1989	14.7	1,233.7	742.5	1,990.9

Investments in subsidiary companies at book value of £1,233.7 million include a listed investment amounting to £42.9 million (market value £43.1 million).

Investments at book value of £1,990.9 million (1988 £1,521.5 million) comprise investments at cost of £814.7 million (1988 £603.7 million) and valuation surplus of £1,176.2 million (1988 £917.8 million).

The principal subsidiaries, associated companies and partnerships at 31 December 1989 are listed below.

	Country of Incorporation	% Holding
Property		
*Slough Properties Limited	UK	100
Slough Trading Estate Limited	UK	100
Allnatt London Properties PLC	UK	100
Guildhall Property Company PLC	UK	100
*Guildhall Properties Limited	UK	100
*Bredero Properties Plc	UK	52.2
Anglo German Industrial Developments Limited (Operating in Germany)	UK	100
Slough Investments Limited (Operating in Germany)	UK	100
*Slough (Wessex Fields) Limited	UK	100
The Lewisham Investment Partnership	UK	76.1
*Howard Centre Properties Limited	UK	100
Shopping Centres Limited	UK	50
Pentagon Developments (Chatham) Limited	UK	50
London & Paris Property Group PLC	UK	20
Slough Estates Canada Limited	Canada	99.4
Slough Parks Incorporated	USA	100
SDK Industrial Parks	USA	80
33 West Monroe Associates	USA	25
Slough Estates Australia Pty Limited	Australia	99.2
Pacific Property Investments Pty Limited	Australia	70
Slough Management SA	belgium	100
Immobiliere Gauntlet SA	Belgium	100
Solbird SA	France	100
Service		
*Slough Estates Administration Limited	UK	100
*Slough Estates Finance plc	UK	100
Other		
Charterhouse Group International Inc	USA	20

*Subsidiaries of Slough Estates plc

To comply with the Companies Act 1985 a full list of subsidiaries will be filed with the company's next annual return

12 Current assets

	Group 1989 £m	Group 1988 £m	Company 1989 £m	Company 1988 £m
Stocks				
Trading properties — completed properties	73.5	44.9		
— properties under development	196.2	106.7		
	269.7	151.6		
Utilities stocks	1.2	1.[illegible]		
Merchandising stocks	—	1.[illegible]		
	270.9	154.3		
Debtors (receivable in less than one year)				
Trade debtors	27.9	25.5	—	—
Prepayments	7.1	9.2	—	—
Other debtors	9.2	10.6	—	1.0
ACT recoverable	6.8	5.5	6.2	5.2
	51.0	50.8	6.2	6.2
Debtors (receivable in more than one year)				
Other debtors	7.7	5.5	—	—
	58.7	56.3	6.2	6.2
Trading investments				
Shares — listed (market value £4.3 million)	2.4	[illegible]		
— unlisted	7.6	[illegible]		
	10.0	[illegible]		
Cash and deposits				
Tax reserve certificates	4.9	4.9		
Cash and short term deposits	94.4	180.3		
	99.3	185.2		

13 Share capital

	Authorised £m	Issued and fully paid £m
At 1 January 1989		
390 million ordinary shares of 25p each	97.5	70.0
Creation of 44 million ordinary shares	11.0	—
Loan stock conversions		0.5
Options exercised		0.2
At 31 December 1989		
434 million ordinary shares of 25p each	108.5	70.7

The following conversions of loan stock and issues of ordinary shares took place during the year:

Conversions During the year 1,934,170 ordinary shares were issued, credited as fully paid following the conversion of, and in satisfaction of, £2.0 million 8 per cent convertible unsecured loan stock and 6 per cent convertible unsecured bonds.

Profit sharing scheme 62,398 ordinary shares were subscribed in cash at a price of 332.6p per share and were issued to the trustees and allocated at that price to eligible employees under the profit sharing scheme.

Share option schemes 653,104 ordinary shares were subscribed in cash following the exercise of employees' options under the share option schemes. The consideration received by the company was £0.9 million.

During the year options to subscribe for ordinary shares of the company were granted as follows:

Savings related scheme 29,785 ordinary shares at a subscription price of 307.26p per share and 107,765 ordinary shares at a subscription price of 304.6p per share.

Executive share option scheme 581,500 ordinary shares at subscription prices ranging from 340.26p to 375.53p per share.

13 Share capital continued

Profit sharing scheme Sir Nigel Mobbs and Messrs. Elliot, Harding, Brooke and Mackenzie are trustees of the Slough Estates plc profit sharing scheme which was approved by the shareholders on 21 May 1980. The number of shares now held under the scheme is 308,081. The interests stated in the 308,081 ordinary shares shown in the table on page 12 represent all of the ordinary shares which those directors hold in a non-beneficial capacity as trustees of the scheme but also included therein are those shares beneficially owned under the scheme by Sir Nigel Mobbs and Messrs. Elliot, Harding and Mackenzie and which are included in their beneficial holding in the table also shown on page 12.

Executive share option scheme Under the share option scheme approved by the shareholders on 15 November 1972, as amended, certain executives including certain directors have options to subscribe for unissued ordinary shares. Options are generally exercisable after three and before seven years from the date of the grant, adjusted where appropriate for subsequent capitalisation and rights issues. At 28 March 1990 the number of ordinary shares under option was 1,277,541 at option prices ranging from 124.604p to 375.53p expiring on various dates up to 1 October 1996.

1981 savings related share option scheme Under the option scheme approved by the shareholders on 20 May 1981 certain employees have options to subscribe for unissued ordinary shares. Options under the savings related scheme are generally exercisable five years or seven years after the date of the grant of the option, adjusted where appropriate for subsequent capitalisation and rights issues. At 28 March 1990 the number of ordinary shares under option was 425,531 at option prices ranging from 88 138p to 307.26p expiring on various dates up to 11 September 1996.

Conversion rights The holders of the £149,928,446 6 per cent convertible bonds 2003 have the right to convert their bonds into fully paid ordinary shares at any time before May 2003 at an initial conversion price of 324p per share. Full conversion of bonds would give rise to the issue of 46,274,211 ordinary shares.

14 Reserves

Group	Share premium account £m	Capital reserve unrealised £m	Capital reserve realised £m	Profit and Loss £m	Total £m
Balance at 1 January 1989	78.4	737.4	79.1	142.2	1,037.1
Group capital account	—	208 0	21.7	6.9	236.6
Retained profits	—	—	—	32.6	32 6
Shares issued	2.5	—	—	—	2.5
Balance at 31 December 1989	80.9	945 4	100 8	181 7	1,308.8

Retained profit for the year	1989 £m	1988
Holding company	10.8	[illegible]
Subsidiaries	21 4	[illegible]
Associates	0 4	[illegible]
	32.6	[illegible]

Company	Share premium account £m	Surplus on valuation of investments £m	Profit and Loss £m	Total £m
Balance at 1 January 1989	78.4	930.7	28.0	1,037 1
Retained profits	—	—	10 8	10 8
Valuation surplus	—	258 4	—	258 4
Shares issued	2 5	—	—	2.5
Balance at 31 December 1989	80 9	1 189 1	38 8	1,308.8
Available for distribution			38 8	

Some £52 2 million of the balance of the group's profit and loss account is presently not available for distribution mainly as a result of applying UK accounting principles to the earnings of overseas subsidiaries which may be different from those applicable when determining the distributable reserves in their local statutory accounts. No provision has been made for taxes that may become payable should overseas profits be remitted

15 Capital commitments

	1989 Commitments £m	1989 Authorised but not Contracted £m	1988 Commitments £m	1988 Authorised but not Contracted £m
Property — UK (excluding Bredero)	51.0	18.7	[illegible]	79.2
— Bredero	38.0	142.2	22.[illegible]	[illegible]
Total	89.0	160.9	69.9	378.[illegible]
Property — Overseas	108.3	33.3	58.0	93.[illegible]
Utilities	21.0	1.3	1.1	[illegible]
Other activities	0.1	46.7	—	14.[illegible]
	218.4	242.2	129.0	516.[illegible]

16 Provisions for liabilities and charges

	Group £m	Company £m
Future and deferred taxation		
Balance at 1 January 1989	4.2	1.4
Charged against profit before taxation	0.2	0.7
Transfer to current taxation	(0.2)	(0.2)
Other	(0.3)	(0.1)
Balance at 31 December 1989	3.9	1.8

	Group potential 1989 £m	Group potential 1988 £m	Group provided 1989 £m	Group provided 1988 £m
Potential deferred taxes and those provided in the group accounts are as follows:				
Timing differences — on fixed assets other than property	9.4	6.6	—	
— other	3.2	3.2	3.2	3.2
Other	0.7	1.0	0.7	1.0
	13.3	10.8	3.9	4.2

Deferred taxation has been provided at 35 per cent in respect of UK timing differences and at local rates in respect of overseas timing differences.

If deferred taxation were to be provided on all revaluation surpluses, a provision of approximately £200 million (1988 £150 million) would be necessary. This would comprise:

	1989 £m	1988 £m
UK — capital gains tax	130.0	80.0
— corporation tax on clawback of industrial building allowances	25.0	30.0
Total UK	155.0	110.0
Overseas	45.0	40.0
Total	200.0	150.0

Notes to the accounts — continued

17 Borrowings

	Group 1989 £m	Group 1988 £m	Company 1989 £m	Company 1988 £m
Borrowings falling due after one year				
Payable otherwise than by instalments in more than five years:				
Secured:				
11¼% first mortgage debenture 2019	40.0	[illegible]	40.0	[illegible]
Sterling first mortgage debentures at various rates from 6¾% to 10½% to 2001	10.1	[illegible]		
Variable rate secured loans 1996/97	43.7	[illegible]		
Currency first mortgages on overseas properties:				
Canadian dollars from 10½% to 12% to 2006	16.6	[illegible]		
US dollars from 7½% to 7¾% 1996	3.3	[illegible]		
French francs from 10¼% to 12½% 2003/4	11.2	[illegible]		
Unsecured:				
8% convertible loan stock 1991/94	—	[illegible]	—	[illegible]
6% convertible bonds 2003 (i)	149.9	[illegible]	149.9	[illegible]
10% bonds 2007	50.0	[illegible]	50.0	[illegible]
12⅜% loan stock 2009	31.9	[illegible]	31.9	[illegible]
Medium term bank loans 1996/2000	182.8	[illegible]	96.2	
	539.5	[illegible]	368.0	[illegible]
Wholly repayable between two and five years:				
Secured:				
7½% first mortgage debenture 1966/90	—	[illegible]	—	[illegible]
6¾% first mortgage debenture 1988/93	2.1	[illegible]		
Variable rate secured loans 1990/92	—	[illegible]		
Currency first mortgages on overseas properties:				
Australian dollars variable rate 1990	—	[illegible]		
Canadian dollars from 10% to 14½% 1991/94	11.0	[illegible]		
Unsecured:				
Medium term bank loans 1992/94	51.1	[illegible]		
Bank loans and overdrafts scheduled for renewal after one year (ii)	109.9	[illegible]		
Commercial paper (iii)	[illegible]	[illegible]		
	180.3	[illegible]	—	[illegible]
Less instalments due within one year	(0.7)	[illegible]	[illegible]	
	179.6	[illegible]	[illegible]	[illegible]
	719.1	[illegible]	368.0	[illegible]
Borrowings falling due within one year				
Secured:				
7½% first mortgage debenture 1966/90	1.6		1.6	
6¾% first mortgage debenture 1986/89		[illegible]		
Variable rate secured loans				
Variable rate Australian dollar mortgages	18.0			
9% Canadian dollar mortgage	2.3	[illegible]		
Unsecured				
Bank loans and overdrafts	61.4	[illegible]		
Instalments due on longer dated borrowings	0.7	[illegible]		
	84.0	[illegible]	1.6	

17 Borrowings continued

	Group 1989 £m	Group 1988 £m	Company 1989 £m	Company 1988 £m
Borrowings analysis (having accounted for currency and interest rate swaps)				
By currency				
Sterling	284.0	273.5	273.4	275.6
Australian dollars	59.5	40.4	—	—
US dollars	280.8	178.3	96.2	—
Canadian dollars	125.8	79.0	—	—
European currencies	53.0	51.7	—	—
	803.1	622.9	369.6	275.6
By maturity				
In one year or less	84.0	40.9	1.6	—
Two to five years	182.8	199.0	—	1.8
Six to ten years	253.3	91.6	96.2	1.9
Over ten years	283.0	291.4	271.8	271.9
	803.1	622.9	369.6	275.6
By security				
Secured	159.9	119.3	41.6	41.8
Unsecured	643.2	503.6	328.0	233.8
	803.1	622.9	369.6	275.6
By interest rate mix				
Fixed interest rates	627.4	472.8	369.6	275.6
Variable interest rates	175.7	150.1	—	—
	803.1	622.9	369.6	275.6

(i) Convertible at any time at the holder's option into 30.86 ordinary shares per £100 nominal. Alternatively, the bondholder has the option to redeem the bonds on 20 May in each of the years 1993 to 1998 at an Optional Redemption Value by way of additional interest which would provide an effective annual compound yield to redemption of 9.45 per cent. No provision has been made in the accounts for the additional interest that would be payable if the shares were redeemed in the years 1993 to 1998. The amount contingently payable but not provided for in the accounts at 31 December 1989 was £8.7 million. The directors consider that a provision is not appropriate at the present time.

The company has the option to redeem the bonds at any time during the five years commencing on 21 May 1988 at an initial premium of five per cent over the issue price reducing annually by one per cent until 20 May 1993 and thereafter during the five years to 20 May 1998 at par, provided that the price of the ordinary shares for the 30 day period prior to notice of redemption is at least as follows:—

Redemption date falling in the 12 months beginning on 21 May	Share Price (pence per share)
1993	444
1994	464
1995	486
1996	509
1997	535

Additionally, on 20 May in any of the years 1993 to 1998 inclusive the company has the right to require redemption at the relevant Optional Redemption Value. In the five year period from 21 May 1998 to 20 May 2003, the company may require redemption at any time at par.

(ii) Bank loans and overdrafts scheduled for renewal after one year includes all drawings under a multi-option facility, which is backed by a five year commitment.

(iii) Although commercial paper matures within one year, it has been classified as being repayable within five years because it is backed by the multi-option facility carrying a five year commitment by the underwriting banks.

18 Creditors — other

	Group 1989 £m	Group 1988 £m	Company 1989 £m	Company 1988 £m
Creditors falling due within one year				
Rents in advance	19.6	[illegible]	—	—
Trade creditors	70.9	[illegible]	0.5	0.5
Taxation	33.7	[illegible]	26.2	24.2
Proposed final dividend	18.7	[illegible]	18.7	15.7
	142.9	[illegible]	45.4	[illegible]
Creditors falling due after more than one year				
Loans from subsidiaries	—		200.7	102.0
Taxation	0.1	[illegible]	0.1	1.2
Other creditors	14.5	[illegible]	—	[illegible]
	14.6	[illegible]	200.8	103.2

19 Guarantees

The holding company has guaranteed loans and bank overdrafts of subsidiary companies aggregating £102.8 million (1988 £113.9 million). All loans and overdrafts so guaranteed are included in the consolidated balance sheet. Additionally loans and bank overdrafts of associated companies aggregating £6.7 million (1988 £5.9 million) which are not included in the consolidated balance sheet have been guaranteed by the holding company.

The holding company has given an indemnity to a maximum of £0.9 million (1988 £0.9 million) and unlimited performance guarantees in respect of certain subsidiaries' development contracts.

An Australian subsidiary has given an undertaking to banks to support certain secured loans to third parties to the extent of £16.7 million (1988 nil).

Auditors' report

Coopers
& Lybrand
Deloitte

To the members of Slough Estates plc.

We have audited the financial statements on pages 14 to 30 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1989 and of the profit, the movement on capital account and the source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

Coopers & Lybrand Deloitte
London

28 March 1990

Notice of Meeting

Notice is hereby given that the sixty-ninth annual general meeting of the company will be held at the Abraham Lincoln Room, The Savoy Hotel, Strand, London, on Wednesday, 23 May 1990 at 12 noon for the following purposes:

1 To receive and consider the statement of accounts for the year ended 31 December 1989 and the reports of the directors and auditors thereon.

2 To declare a dividend.

3 To re-elect directors.

(i) D Kramer

(ii) W J Mackenzie

(iii) D R Wilson

4 To re-appoint Coopers & Lybrand Deloitte as auditors.

5 To authorise the directors to fix the remuneration of the auditors.

To transact the following special business:

To consider and, if thought fit, pass the following special resolutions.

6 That:

(a) The power of the directors under Article 10 of the Articles of Association of the company to allot and to offer or otherwise agree to allot equity securities wholly for cash

(i) by way of a rights issue in accordance with Article 10 (c) (ii) of the Articles of Association of the company and

(ii) otherwise up to an aggregate nominal value of £3,535,000

be hereby renewed such power to expire (unless previously renewed or revoked) at midnight on the date of the next annual general meeting of the company; and

(b) For the purposes of this resolution the expressions "allot" and "equity securities" shall have the same meanings as are defined in the Companies Act 1985.

7 That:

The authority conferred on the company by a resolution passed at the Extraordinary General Meeting of the company held on 18 May 1988 to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 25p each in the capital of the company (which authority was renewed and extended at the last annual general meeting of the company) be hereby further renewed and extended with effect from its expiry at the conclusion of this meeting so as then to expire at midnight on 22 November 1991 or at the conclusion of the next Annual General Meeting of the company (whichever shall be the earlier) but otherwise in respect of the same number of shares and on the same terms and conditions specified in the resolution passed at the Extraordinary General Meeting held on 18 May 1988.

By order of the Board

E A Brooks

Secretary

234 Bath Road

Slough SL1 4EE

27 April 1990

Director

for EABrooks

Notes

Designed and produced by [illegible] Limited. [illegible] by Michael [illegible] Limited. Printed by [illegible] Printers London