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Slough Estates owns industrial and commercial properties with a portfolio value of £1.8bn, situated in prime business locations in the United Kingdom, Canada, USA, Australia, Belgium, France and Germany.

The Group, founded in 1920, is one of the largest owners and developers of industrial estates in Europe and, together with its substantial portfolio of office and retail developments, manages 2.94 million square metres of business space occupied by some 2,500 tenants.

The Group's aim is to invest in and manage a high quality portfolio of industrial and commercial property to secure long term growth in net assets, earnings and dividends per share for shareholders.

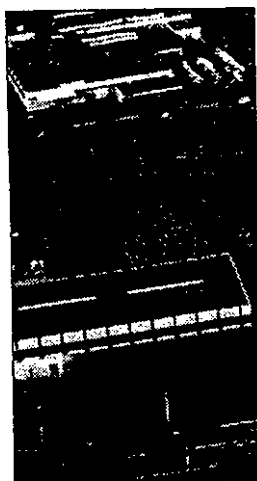


## Financial Highlights

| Year to 31 December                          | 1995<br>£ million | 1994<br>£ million |
|----------------------------------------------|-------------------|-------------------|
| Property investment income net               | 130.0             | 122.5             |
| Operating profit                             | 125.3             | 115.0             |
| Profit before taxation                       | 70.7              | 64.0              |
| Profit attributable to ordinary shareholders | 43.4              | 35.0              |
| Total assets                                 | 2,138             | 2,097             |
| Net assets                                   | 1,182             | 1,223             |
| Basic earnings per share                     |                   |                   |
| — including investment property sales        | 11.1p             | 9.1p              |
| — excluding investment property sales        | 10.9p             | 8.9p              |
| Dividends per share                          | 8.5p              | 8.1p              |
| Net assets per share — basic                 | 267p              | 277p              |
| — diluted                                    | 266p              | 276p              |
| Debt to equity ratio                         | 65%               | 59%               |

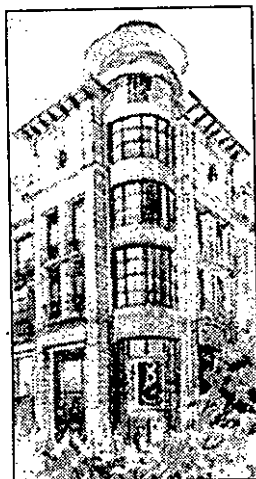
## Highlights of the Year

### Diegem Development Belgium



During the year the Group acquired two major sites totalling 7.8 hectares at Diegem close to Zaventem Airport fronting the main road to Brussels city centre. The purchases were made from IBM and Goodyear and raised the Group's total holding in Diegem to a land area of 13 hectares and buildings of 35,000 sq.m. As part of the deal IBM entered into leases on two buildings of 20,100 sq.m. leaving 5.8 hectares of land on the site available for immediate development. When completed, this will make Diegem a major landmark business park and become the focus of the Group's activities in Belgium.

### Buchanan Galleries Glasgow



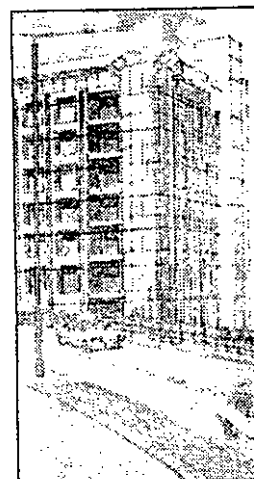
John Lewis plc entered a pre-leasing agreement for a new department store of 28,000 sq.m. in Glasgow within Buchanan Galleries, the 55,800 sq.m. city centre shopping project now under construction. The store will be the third largest in their John Lewis chain. The shopping centre is a 50/50 joint venture with Pearl Assurance Plc and will include a 2,000 space car park and approximately 80 further retail units. Construction started in February 1996 and the centre will open for trade in Spring 1999, coinciding with Glasgow's year as City of Architecture and Design.

### Runcorn and Warrington Acquisitions



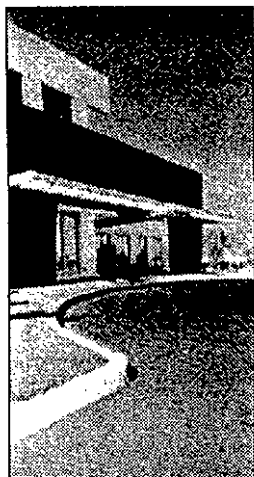
Two industrial estates were acquired during 1995. The first comprises a 13,700 sq.m. estate at Manor Park, Runcorn. The estate was built in 1990 and comprises modern accommodation leased to high quality tenants including AP Precision Hydraulics Ltd, part of BBA plc and Bowater SCG Ltd. The estate is located in an established and well known business park. The second acquisition comprises Rufford and Rivington Courts, The Grange, Warrington. The estates provide 20,800 sq.m. of accommodation in 42 buildings. The application of Slough's high standards of estate management and marketing will significantly add to the prospects of the estate. Both estates are located in a region which has experienced significant economic expansion and where the Group's presence was previously low.

### Centre West Hammersmith



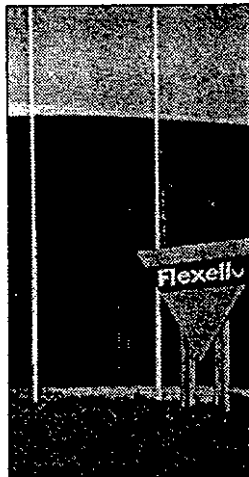
The pre-letting of a 7,600 sq.m. office building at Centre West, Hammersmith to Buena Vista Home Entertainments, a subsidiary of The Walt Disney Company, was signed in July 1995. The project includes the construction of a deck carrying the building over the London Underground lines and is scheduled for completion in July 1997. The balance of the Centre West site has capacity for a further 13,300 sq.m. of office development.

## Pre-Lets California



The Group's US subsidiary SDK Inc. has pre-let and constructed three medical research facilities. Two are in San Diego and are leased to Depotech and Gemini and the third in South San Francisco to Tularik. These developments are being undertaken in association with a US pension fund and are providing laboratory space for emerging bio-tech businesses.

## Flexello Slough



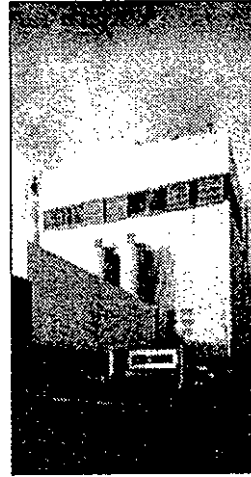
In February 1995 Flexello, a long established company on the Slough Trading Estate now owned by the Japanese company Nansin, contracted to re-locate its UK headquarters to Edinburgh Avenue, also on the Slough Trading Estate. The 11,150 sq.m. project was completed on time within budget by the Group's in-house construction management team. This transaction demonstrates one of the great advantages enjoyed by occupiers on the Slough Trading Estate, notably the ability to expand or extend their accommodation in the immediate area rather than going elsewhere.

## Australian Disposals



Following the decision to dispose of the Group's assets in Australia, a conditional contract has been signed with a property trust controlled by Colonial Mutual for the sale of the Group's properties in Sydney. A contract has also been completed for the sale of 12 Currie Street, Adelaide. It is planned to sell the remaining industrial properties in Melbourne during 1996.

## Slough Heat & Power Slough



At the beginning of April the former Utilities Division was restructured and set up as a new strategic business unit and is now operating as Slough Heat & Power, a subsidiary of Slough Estates. A new management, accounting and administration function was established and moved into specially built premises adjacent to the Power Station. The business will continue to generate electricity and steam for customers both on and off the Slough Trading Estate and to distribute water from its own wells. A major development in 1995 was the setting up of a joint venture with UK Waste Limited to build a plant to manufacture fuel pellets made from waste paper and plastics for use in the new boilers. A pilot plant is currently undergoing trials prior to takeover.



## Chairman's Statement

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This past year has seen further progress in the achievement of the Group's strategic objectives, particularly the continuing improvement in occupancy, which now stands at 94.5 per cent, and increasing earnings.

1995 witnessed the 75th anniversary of the Company's foundation in 1920. The past 75 years have seen many changes but one enduring feature has been the consistent strength of the Slough Trading Estate as a premier location for business. Today the Estate comprises 197 hectares of land and 693,300 sq.m. of prime space housing some 400 businesses. It is the flagship asset in the Group's international property portfolio which in aggregate comprises some 940 hectares of land and 2,943,000 sq.m. of buildings.

Our UK and overseas properties are largely modern and in prime business locations. The business parks regularly present opportunities for enhancement through sound management and selective redevelopment, particularly at Slough, Birmingham, West London, Toronto and Brussels.

The pre-tax profit for 1995 amounted to

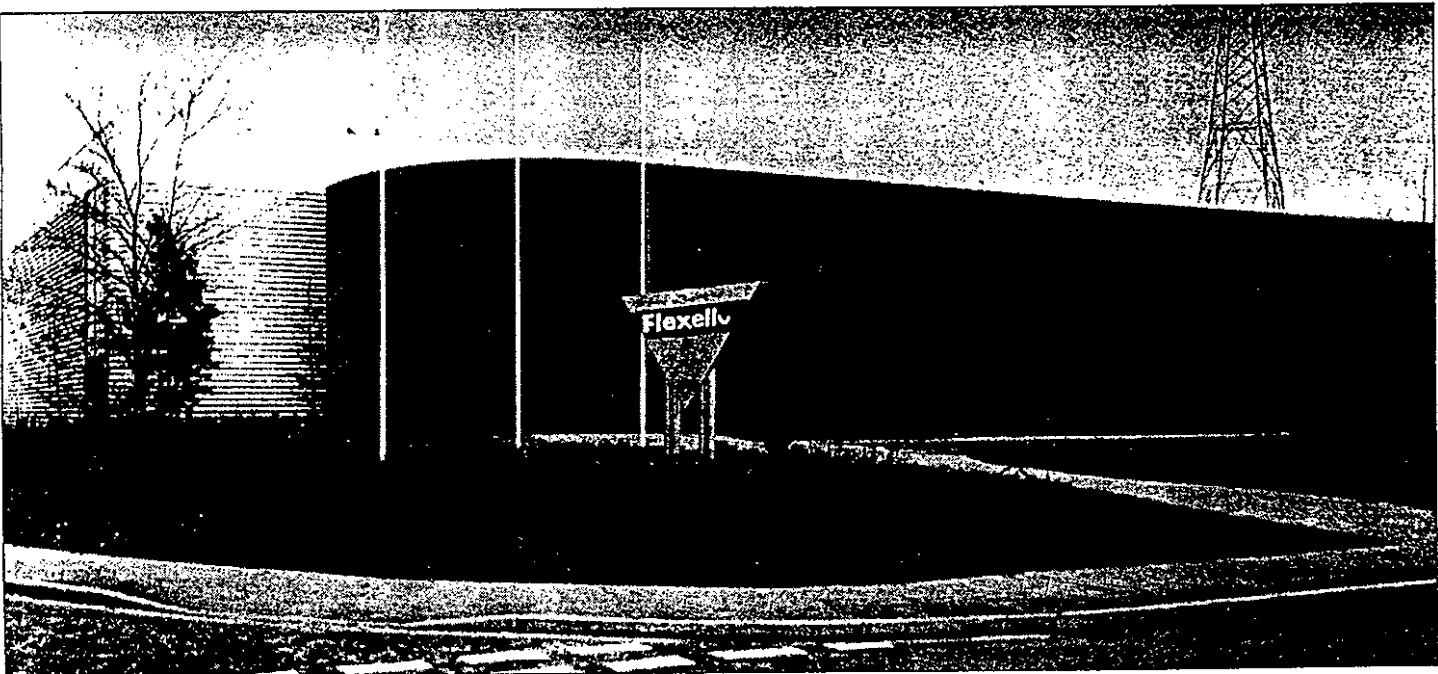
£70.7 million compared with £64.0 million for 1994. Earnings per share were 11.1p (1994 9.1p per share), an increase of 22 per cent.

Diluted net assets per share were 266p compared with 276p per share for 1994.

The Financial Review and Review of Activities commencing on pages 12 and 18 respectively discuss in greater detail the financial results and operating activities for 1995.

### Dividends

Your Board recommends the payment of a final dividend of 5.4p per share which together with the interim dividend of 3.1p per share represents an aggregate distribution of 8.5p per share, a 4.9 per cent increase over the 1994 dividend. The increase in core earnings in 1995 and the prospect of continued high occupancy and a firm rental income base in the future has enabled the Board to restore growth to the dividend.



New headquarters and factory for Flexello, Slough Trading Estate



Booker-Belmont plc, Slough Trading Estate

Profit before tax £ millions

|    |             |      |
|----|-------------|------|
| 92 | <div></div> | 46.4 |
| 93 | <div></div> | 53.0 |
| 94 | <div></div> | 64.0 |
| 95 | <div></div> | 70.7 |

Property investment income £ millions

|    |             |       |
|----|-------------|-------|
| 92 | <div></div> | 111.4 |
| 93 | <div></div> | 112.9 |
| 94 | <div></div> | 122.5 |
| 95 | <div></div> | 130.0 |

## Valuation

The Group's investment property portfolio was valued externally as at 31 December 1995 on the basis of open market value in accordance with the relevant guidance notes for the valuation of property assets applicable to each country.

The gross value of investment properties, taking into account the valuation, construction in progress at cost and exchange rates at 31 December 1995, amounted to £1,779 million (1994 £1,766 million) after a net valuation deficit of £56 million (3.1 per cent).

Diluted net assets per share at 31 December 1995 amounted to 266p per share compared with 276p per share for 1994, a decline of 3.6 per cent.

In the UK, the portfolio value fell by £66.2 million or 4.7 per cent. The core industrial sector which represents 58 per cent of the portfolio by value showed an overall decline of 3.9 per cent, retail by 5.6 per cent and offices by 7.3 per cent.

Overall valuation movements of the Group's UK portfolio compared favourably with the change in capital and rental values indicated by the principal market indices. This comparison confirms the quality of the Group's investment properties.

Whilst occupancy improved and there were some slight signs of rental growth, yields softened as the year passed, initially in response to interest rate fears but latterly because investor sentiment weakened. The value differentials between prime and other property investments also widened.

The UK portfolio is in aggregate over-rented, such that rental income contracted on occupied property exceeds current market rental values on those same properties by 7.8 per cent (1994 8.5 per cent). Net over-renting of industrial and office properties of 10.5 per cent and 8.3 per cent respectively is compensated somewhat by retail property which is 8.9 per cent reversionary. These percentages indicate a more favourable position than the leading published indices suggest for the property sector in general.

However, long-term leases with upward only rent reviews help to protect rental income.

Comparing current contracted rents to rents at next review or expiry, occupied properties show a rent reversion potential of 4.2 per cent (being 1.8 per cent for industrial, 7.3 per cent for offices and 16.1 per cent for retail) but this will only be reflected in income over a period of years.

Overseas the valuation results were more positive. In aggregate, values improved by £10.0 million or 2.4 per cent. In Australia, value increased by 13.2 per cent reflecting the continuing recovery in the market. In North America, value improvements of 0.7 per cent in Canada and 1.8 per cent in the USA were recorded and in Europe, a small decline of 1.1 per cent.

Due to greater rental strength and to shorter lease patterns, the overseas portfolio is not significantly over-rented.

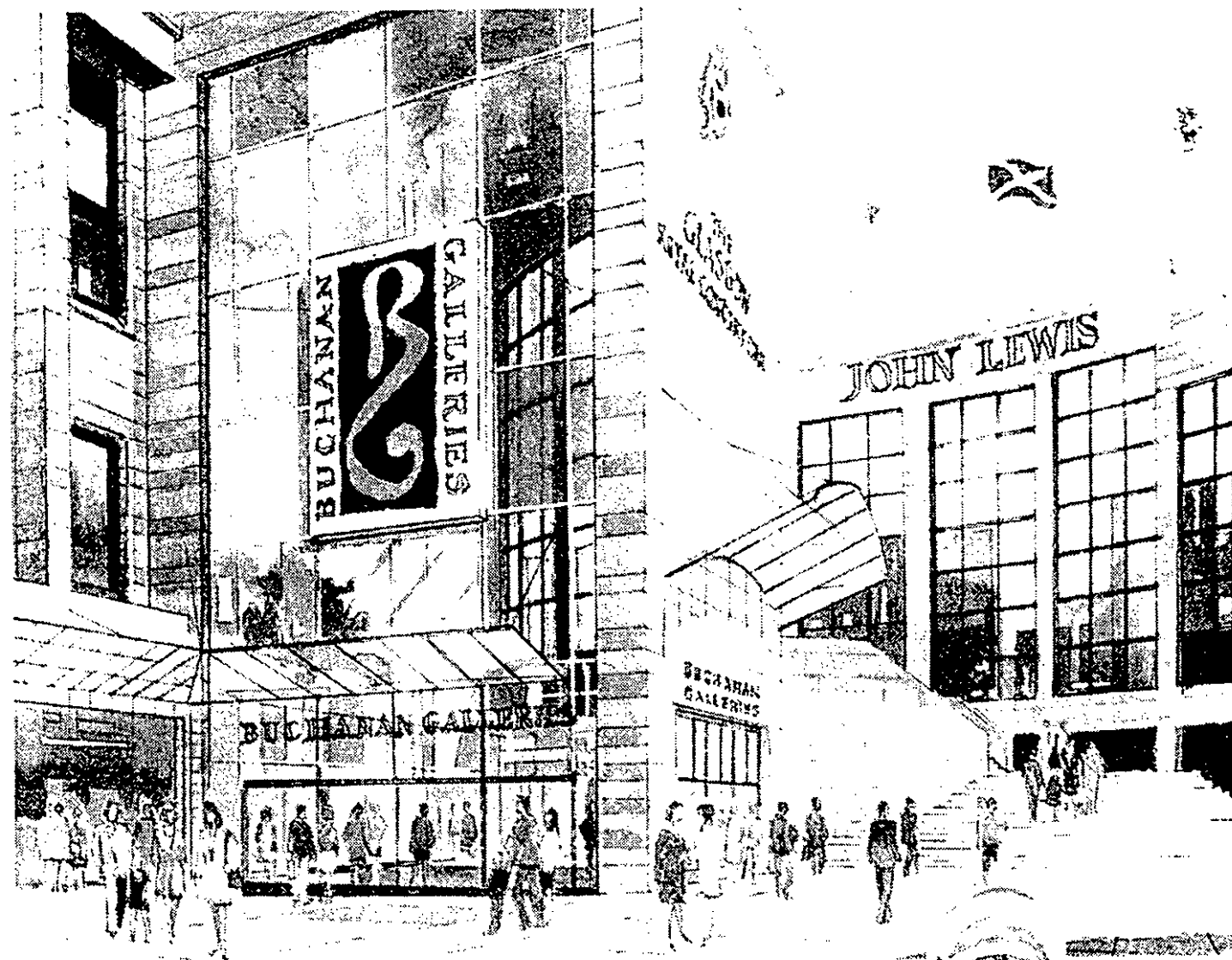
## Summary of the Year

The detailed review of activities is set out on pages 18 to 24 together with tabulated data on the portfolio on pages 28 to 31.

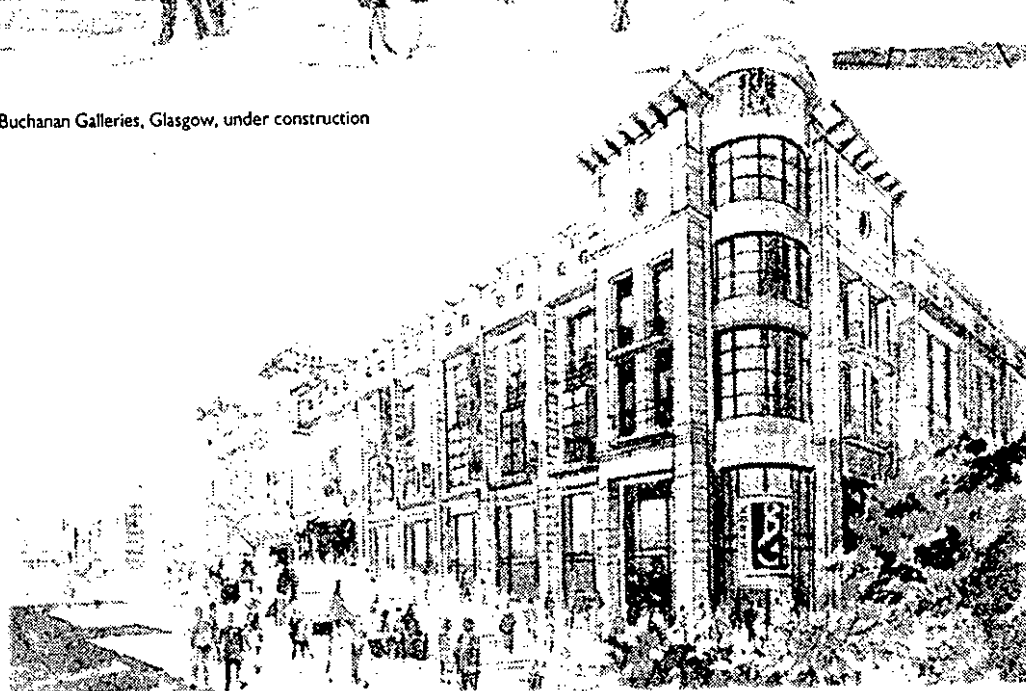
The main achievements of a busy year included -

- the overall leasing of 300,000 sq.m. of new and existing space.
- an improvement in occupancy to 94.5 per cent by area (1994 92.5 per cent).
- the acquisition of 34,500 sq.m. of income-producing industrial buildings in the UK.
- in Belgium, the acquisition of 11.2 hectares of land, together with 31,000 sq.m. of buildings, which is in line with the objective of increasing activities in Continental Europe.
- profits of £12.2 million were realised from non-property investments in the US and UK.

During the year, new construction added 39,600 sq.m. to the portfolio, principally in the UK, Germany and the USA. The current construction programme amounts to 65,500 sq.m. primarily in the UK (32,100 sq.m.), and France (17,200 sq.m.). 61 per cent of this programme is pre-leased.



Buchanan Galleries, Glasgow, under construction



#### Earnings per share pence

|    |  |      |
|----|--|------|
| 92 |  | 7.9  |
| 93 |  | 7.0  |
| 94 |  | 9.1  |
| 95 |  | 11.1 |

#### Net assets per share (diluted) pence

|    |  |     |
|----|--|-----|
| 92 |  | 265 |
| 93 |  | 269 |
| 94 |  | 276 |
| 95 |  | 266 |

Construction has commenced on the 55,800 sq.m. Buchanan Galleries in Glasgow where the John Lewis Partnership has committed to a 28,000 sq.m. department store. This project is a joint venture with Pearl Assurance. Building works have also started on the 7,600 sq.m. office building at Hammersmith pre-leased to Walt Disney.

Our portfolio is well-located and where demand justifies new development and the redevelopment of older property, this is being undertaken. During 1996 new construction starts are planned for 50,200 sq.m. of redevelopment in the UK and 44,500 sq.m. of new development in the UK and overseas. This programme will ensure that the quality and average ageing of the portfolio is continually improving.

Your Board has decided to realise its investment in the Australian property market and to redeploy funds in the other markets in which the Group is active. As a result, conditional contracts have been exchanged to sell the Sydney portfolio comprising 154,000 sq.m. to Equitable Property Trust, a property fund managed by Colonial Mutual, for a consideration of A\$115 million (£55 million). The transaction is conditional on a successful equity raising by the purchaser through a placement rights issue and debt. The sale is scheduled for completion on 30 June 1996.

In addition, the office property of 9,200 sq.m. in Adelaide has been sold for A\$13 million (£6 million). During 1996 we intend to sell the remaining properties in Melbourne.

Throughout the Group we concentrate on maintaining good customer relationships, positive estate management and good environmental practice.

The newly-formed subsidiary Slough Heat & Power became responsible for the Group's utilities services on 1 April 1995. During the year, a monetary settlement was reached with Senior Engineering terminating the action brought against them as a result of the poor reliability of the new boilers. Remediation work is now being undertaken which should ensure that the generation plant will perform to expectations.

### Community Involvement

From its foundation in 1920, the Group has believed in the importance of being involved in community initiatives both nationally and more particularly in Slough and the adjoining areas.

During the year, the Group contributed £161,000 which was devoted to education, environmental and other community projects. This worthwhile involvement is more particularly described on pages 26 and 27.

### The Board

In 1996 I will have been Chief Executive for 25 years. I now believe that it is appropriate to separate my current roles of Chairman and Chief Executive. I will continue as Executive Chairman with Mr Derek Wilson becoming Chief Executive with effect from 1 April.

Derek Wilson has been with the company for 9 years, first as Finance Director but latterly as Group Managing Director responsible for finance, North America and our utilities activities.

Mr Dick Kingston, who has been Financial Controller for the past 8 years, will be appointed to the Board as Finance Director.

Mr Roger Carey, our other Group Managing Director, has decided to leave the Group on 30 April to pursue other interests. Roger has been responsible primarily for the UK development, marketing and acquisition programme over the past 12 years. I would like to record my appreciation for the considerable contribution he has made to the Group and wish him every success in his future endeavours.

I believe that these arrangements will result in a strong management team reporting to Derek Wilson. Our roles will be complementary.

We plan to appoint in due course a new director who will direct the UK development and leasing programme.

At the Annual General Meeting, Mr Derek Wilson, Mr Douglas Kramer and I will retire by rotation and we offer ourselves for re-election. Mr Dick Kingston will retire and



Industrial units at  
Alpertan, London

354 Buckingham Avenue  
Slough Trading Estate



offer himself for re-election in accordance with the Articles of Association.

Brief biographical notes for the directors are set out on pages 32 and 33.

#### Management and Staff

In the UK and overseas we have an excellent team of experienced managers and support staff who bring great expertise to the range of tasks they fulfil.

I would like to express, on behalf of the Board, our sincere thanks to all members of management and staff for their loyalty and support throughout a challenging year.

#### Market Conditions

In the UK and other markets the underlying economic scenario is strong and indicates positive growth in 1996 and beyond. These conditions have resulted in stronger business confidence and improving occupancy. Good new space has been absorbed though sometimes such absorption has had to be obtained at the expense of older, less satisfactory space being vacated. Many businesses are again seeking property which complements their activities as capacity utilization and improving technology call for new, efficient, contemporary business and industrial space.

Other businesses, however, remain more nervous of major new commitments and as a result the property market has remained restrained. However, in our case we have been able to improve our occupancy rates and on our best estates rental values have gone forward which is a reflection of the quality of locations and buildings which we own.

In the UK investors lack confidence in the property market due partly to slow rates of rental growth and partly to concerns over the trend towards shorter leases and the nature of lease covenants in what has been, at least until now, largely a tenant's market. However, the amount of prime business space available to let has been severely reduced and I believe that there will be more favourable conditions for property owners in the next 18 months.

Overseas few institutions are expanding their

property portfolios and a number are disinvesting. As a consequence, values have been held back and new development limited.

For the Group, these confused conditions do offer real opportunity. Our strong financial position and portfolio of prime business locations encourage the development and redevelopment of business space to meet the requirements of expanding businesses on a build-to-suit and speculative basis and also the acquisition of complementary properties whilst the sector is generally out of favour with institutional investors.

These circumstances fit well with our continuing strategic objectives which are:-

- to maximize occupancy, cash-flows and earnings.
- to exercise efficient and prudent estate management, emphasizing good customer care.
- to develop and own a wide selection of well-located, modern industrial business and retail space which meets the accommodation needs of its customer base now and into the future.
- to improve the quality of the portfolio by selective redevelopment, refurbishment and by effective environmental management.
- to acquire new properties which complement the Group's portfolio objectives whilst maintaining an emphasis on industrial/business space.

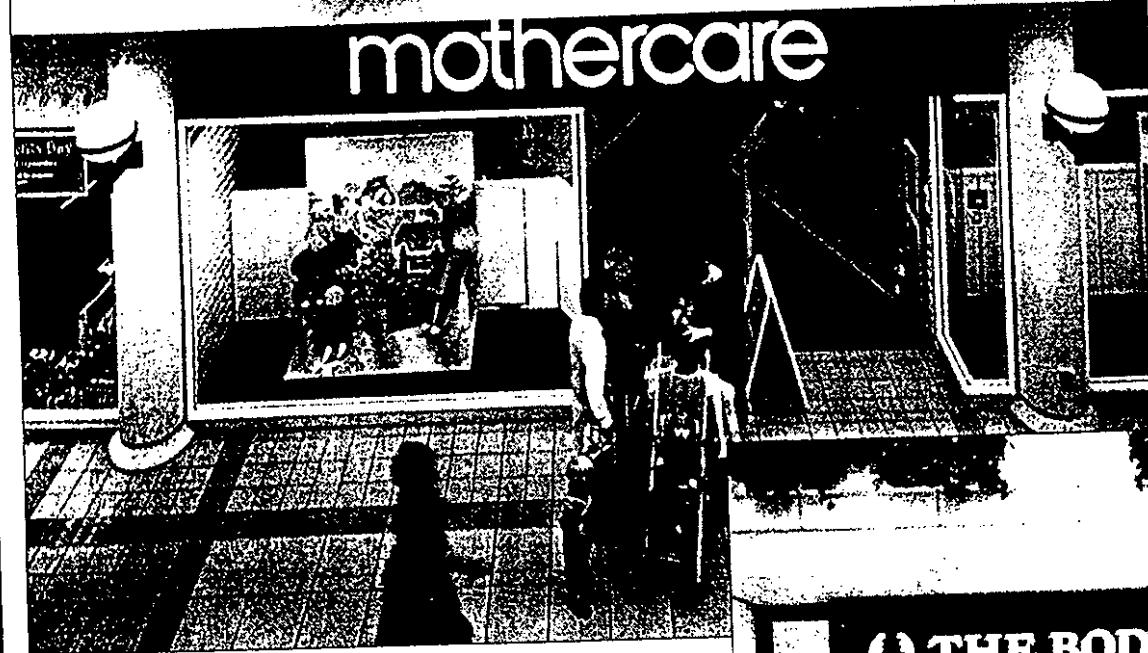
This is a strategy which is focused on increasing shareholder value.

#### The year ahead

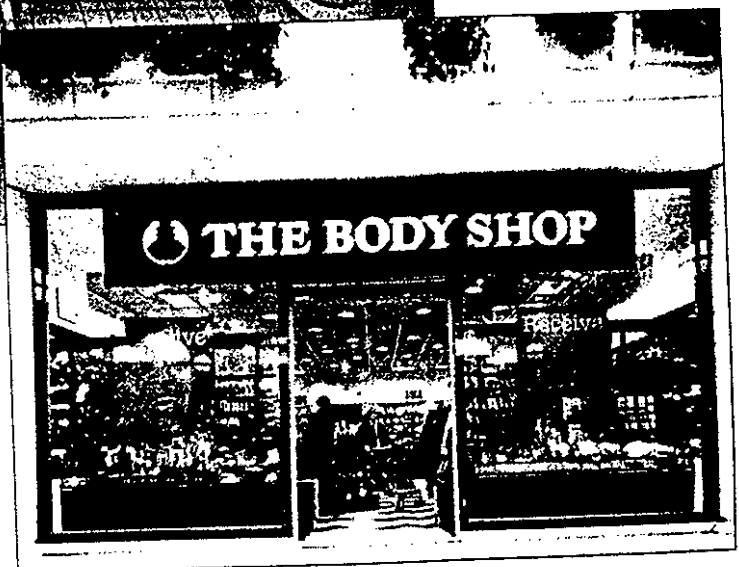
Though investor demand continues to be uncertain, occupier demand is strong in many areas, particularly in the Group's major locations. This demand encourages us to progress some 158,000 sq.m. of development starts in 1996, a level not seen in recent years. I look forward to a particularly active 1996.

Nigel Mobbs  
Chairman





Howard Centre, Welwyn Garden City, Hertfordshire



# Financial Review

## Earnings

Property investment income in 1995 at £130.0 million was £7.5 million or 6.1 per cent higher than the previous year. Excluding the effect of property purchases and sales in the two years 1995 and 1994, the like for like property income increase was £4.1 million or 3.4 per cent. With property development completions adding £2.5 million of new income year on year, the underlying net rent from other properties increased by £1.6 million.

Other than purchases, sales and new developments, the key variables affecting investment property income are occupancy and rental rates. Improving occupancy whilst achieving the best available rental rates has been a prime objective of management. Tenant demand in the UK and overseas has been strengthening in 1995 and occupancy levels have improved in all areas.

### Occupancy percentage by area

|           | 1995 | 1994 | 1993 |
|-----------|------|------|------|
| UK        | 93.9 | 93.0 | 92.2 |
| Australia | 96.4 | 83.7 | 78.2 |
| Canada    | 96.2 | 95.5 | 94.9 |
| USA       | 95.2 | 94.9 | 89.9 |
| Europe    | 90.2 | 83.1 | 88.3 |
|           | 94.5 | 92.5 | 90.8 |

Considering the nature of the portfolio and the natural turnover of tenants there will always be a proportion of the portfolio awaiting new occupiers. In most areas 95 per cent occupancy can be regarded as optimum. The estimated rental value of vacant space at the year end was £10.3 million of which £6.7 million was in the UK.

With improving market conditions the level of rent concessions required by new tenants to induce them to occupy has declined significantly. The expiry of rent free periods granted on new developments in past years will add £2.1 million to 1996 income.

Though many of our UK properties are earning rents above market rates, some properties are reversionary and £4.6 million can be expected to be added to future rents as

rent reviews and re-leasing of these properties occur. For those that are rented at higher than current market rents, protection is given to the Group's rental income by the combination of long term leases with upward only rent reviews. Of the current contracted UK rent roll, 63 per cent is in respect of leases expiring beyond the year 2005 or 47 per cent if earlier break clauses are treated as expiries. Overseas, the customary length of leases is shorter, though a reduced level of income security is compensated by the greater mobility of businesses. With 1,300 tenants in the UK and 2,500 worldwide, the Group is not dependent on any one particular customer for its principal revenues.

### Utilities income of £0.8 million

(1994 £1.6 million) continued to suffer from poor availability of the new plant. In July an out of court settlement of £8.5 million was received from the suppliers of the boilers, of which £6.0 million has been allocated for remediation works to the boilers, £0.8 million used to cover costs in 1995 and the balance held for contingencies.

Other income and share of associates' profits aggregated £12.7 million (1994 £4.9 million) of which the investments in Candover and CHUSA contributed £12.2 million (1994 £4.4 million). 1995 saw the realisation of several very successful investments. With £29.0 million remaining invested in these ventures further profits can be expected in the future, although the timing and amount of these profits are difficult to predict.

The 1995 net interest charge of £61.2 million was £6.8 million higher than the 1994 charge. Of this, £2.8 million was as a consequence of financing acquisitions net of disposals. Interest capitalized amounted to £15.0 million (1994 £12.2 million) of which £7.7 million was in respect of trading properties.

Pre-tax profits were thus £70.7 million, an increase of 10.5 per cent over the £64.0 million reported in 1994. The impact of changes in the exchange rates used to translate overseas earnings was to add £0.9 million to pre-tax profits.



American Drive, Toronto, Canada



Goreway, Toronto, Canada

The 21.9% tax charge of £15.5 million (1994 £16.8 million) benefited from prior year adjustments without which the effective tax rate would have been 24.6 per cent.

After minority interests and preference dividends, profits attributable to ordinary shares amounted to £43.4 million, 24.0 per cent higher than in 1994, resulting in earnings per share of 11.1 pence per share, 22.0 per cent higher.

The Board has proposed a total dividend of 8.5 pence per share for 1995, a distribution of £33.2 million covered by earnings 1.3 times, and leaving £10.2 million profit retained.

#### Cash flow

The net cash inflow from operations of £128.5 million was higher than in 1994 by £7.5 million, of which £3.4 million was due to net rental income from property acquisitions net of disposals. Deducting interest, dividends and tax payments from net operating cash flow leaves a revenue cash flow surplus of £9.5 million, which compared favourably to a surplus of £0.4 million in 1994.

Acquisitions and development of investment property cost £46.3 million, including the purchases of properties at Warrington, Runcorn and Diegem, Belgium, which cost £23.1 million and on which there will be further deferred payments of £9.4 million.

With an unusually low level of property sales in 1995 the net outflow from investing activities was £39.9 million, financed mainly by an increase in borrowings.

#### Balance Sheet

Net assets per share (diluted) at 31 December 1995 were 266 pence per share, a reduction of 3.6 per cent below that reported for 1994. This was due largely to the revaluation of the Group's investment properties.

The investment property portfolio was valued at £1,779 million by external valuers as at the year end. The portfolio is predominantly UK based and industrial/business space by nature, as the following distribution by value shows:

#### By Location:

|           |     |
|-----------|-----|
| UK        | 76% |
| Australia | 4%  |
| Canada    | 9%  |
| USA       | 5%  |
| Europe    | 6%  |

| By Sector:       | UK  | Worldwide |
|------------------|-----|-----------|
| Industrial       | 58% | 60%       |
| Office/Business  | 20% | 21%       |
| Retail           | 16% | 13%       |
| Development Land | 6%  | 6%        |

Other than the disposal of the Group's Australian assets, there are no plans to significantly change the current geographical and sector profile of the investment portfolio.

Year end net borrowings amounted to £764 million, a £41 million increase over the previous year, resulting in gearing (the ratio of net borrowings to shareholders' funds) of 65 per cent.

With improved demand for business space, the opportunities for profitable development of new space and redevelopment of old space increases. Taking into consideration those projects currently under construction and those likely to start in the course of the year, capital expenditures in 1996 are expected to amount to £85 million, depending on progress made in planning and, in some instances, pre-leasing.

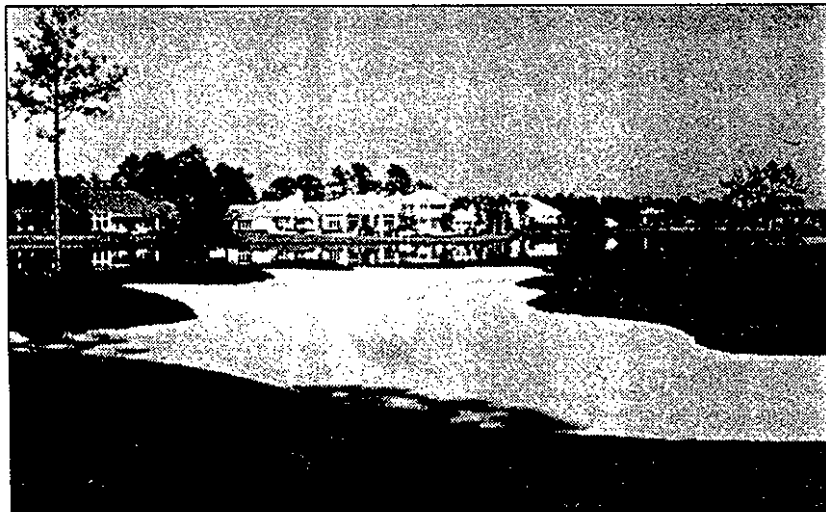
Purchases of further investment properties will also be considered with an emphasis on industrial/business park space.

The sale of the Group's Australian properties is expected to realise some £75 million in 1996.

Of the gross debt portfolio of £791 million, 73 per cent is at fixed interest rates attracting an average rate of 10.2 per cent per annum. Including variable rate debt the average interest rate reduces to 9.1 per cent. Debt due for repayment or rollover in 1996 totals £50 million and £448 million has a maturity date beyond the year 2000. The Group continues to hedge its interest cost by taking on fixed rate debt or by using financial derivatives to achieve the same ends. It does not make use of derivatives in the absence of related debt.



Quail West Country Club, Naples, Florida, USA



In May 1995 the Company issued £100 million of 10 per cent unsecured eurobonds due 2017, and in August the Group's main £150 million revolving credit facility used for standby purposes was extended to the year 2000 at an immediately reduced lending margin.

In addition the Group's Canadian operating company issued C\$50 million of unsecured private placement notes maturing equally in 2000 and 2010.

The outcome of these financing initiatives has been to extend the maturity of the Group's debt portfolio and to provide substantial undrawn committed bank facilities to allow the Group to progress with its development plans, whilst providing additional availability of funds to consider selective acquisitions.

It is the Group's policy to maintain a margin of foreign currency assets over liabilities.

At the year end, the net exposure to currency assets amounted to £186 million or 16 per cent of shareholders' funds. Changes in currency hedging policy are a matter for Board approval.

There are no restrictions on the transfer of funds between the parent and the subsidiary companies. All covenants in bank or loan

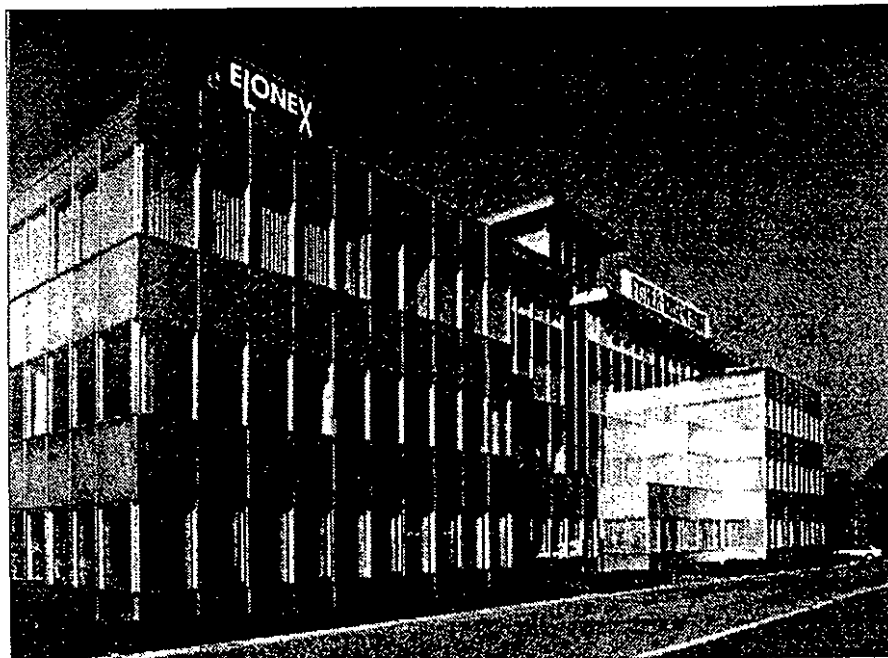
agreements restricting the extent to which the Group may borrow leave substantial headroom for the Group to expand its operations.

#### Post Balance Sheet Events

In February it was announced that conditional contracts for the sale of the Group's Sydney properties had been exchanged for £55 million and that the Adelaide office building had been sold for £6 million. It was also announced that the Group's remaining properties in Melbourne were also to be sold, thus discontinuing its activities in Australia. Australian activities will be treated as discontinued in the 1996 year end accounts. It is expected that the proceeds of sales, net of the costs of closure will approximate the asset values standing in the 1995 year end balance sheet.

#### Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.



Diegem development site, Diegem  
Belgium. Brussels International  
Airport in the background



# Review of Activities

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## United Kingdom

### Property Investment and Development

1995 was a year of contrast for property. Occupancy demand continued to strengthen with slight signs of rental rate improvement emerging towards the year-end.

Generally property values continued to decline, reflecting slow rental growth and higher initial yield expectations from institutional investors.

The Group's UK property portfolio, including associated companies' interests, comprises an aggregate floor area of 1.6 million sq.m. consisting of 79 per cent industrial, 12 per cent retail and 9 per cent offices by area. Current occupancy is 93.9 per cent providing an annual rent roll of £120 million from some 1,350 tenancies. Gross rental income receivable in 1995 was £109.4 million compared with £104.5 million in 1994. Of this increase, £3.9 million was derived from recent acquisitions and £1.8 million from new development.

Further information on the UK property portfolio is set out on pages 28 and 29.

1995 was an active year both for new development and for leasing. In total 18,300 sq.m. of new space was built at Slough, Birmingham and Alperton including the completion of an 11,150 sq.m. production unit for Nansin-Flexello at Slough.

In aggregate, 97,800 sq.m. of space was leased during 1995.

Principal lettings negotiated during the year included 6,200 sq.m. to Cellnet, 1,950 sq.m. to Aircraft Braking Systems Europe, 3,294 sq.m. to Computer Associates and 1,986 sq.m. to Logical Networks, all at Slough; at Winnersh 1,465 sq.m. to U.S. Robotics; at Birmingham 1,580 sq.m. to Rittal.

Under construction at the year-end was 32,100 sq.m. - at Slough (15,200 sq.m.), Winnersh (6,700 sq.m.), Feltham (4,300 sq.m.)

and Birmingham (5,900 sq.m.). Included in the Slough construction programme is the 6,780 sq.m. second phase of the successful Bath Road retail park. This phase is 100 per cent pre-leased to Olympus Sportsworld, Childrens World, Furniture Village and McDonald's.

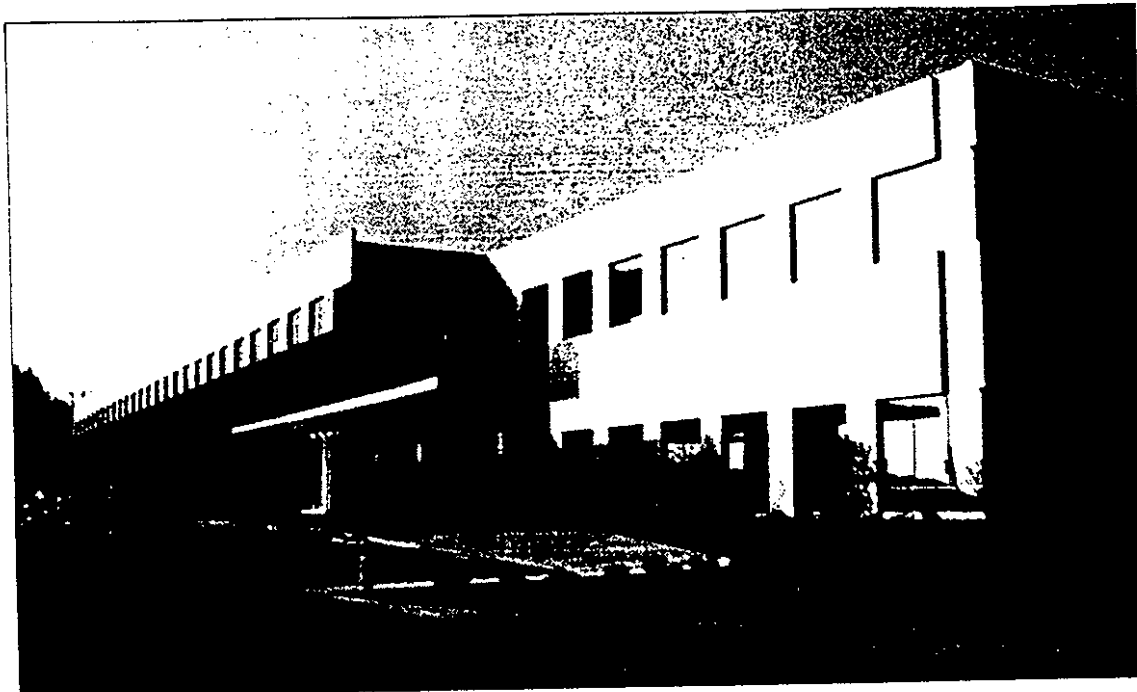
At Hammersmith 7,600 sq.m. of new office space is to be built for Buena Vista Home Entertainment, a subsidiary of Walt Disney. The completed building is scheduled for hand-over in November 1997.

Construction of the 55,800 sq.m. Buchanan Galleries retail centre commenced in February 1996 and will open in the spring of 1999. The John Lewis Partnership has committed to a 28,000 sq.m. department store in the scheme which will be a major attraction. This project is being undertaken in partnership with Pearl Assurance.

With planning consent having been granted for development of up to 70,000 sq.m. of mixed use business space at Centennial Park, Aldenham, it is probable that infrastructure works will commence in 1996 to enable a phased development of this site. In addition, if tenant demand remains firm, further developments will be undertaken at Slough, Winnersh, West London and Ascot comprising over 60,000 sq.m.

Occupancy at the Howard Centre, Welwyn Garden City, has improved considerably with new lettings being made to Dixons, Adams, Early Learning Centre and the Body Shop. Current occupancy is 97.4 per cent. The hearing of the company's case claiming damages against Welwyn Hatfield Council arising out of the deliberate concealment in 1987 of its decision to relax the tenant mix restrictions at the A1 Galleria Shopping Centre at Hatfield is scheduled for June 1996.

During 1995 two industrial property acquisitions were made. The first comprises a 13,700 sq.m. estate yielding £590,000 of income at Runcorn. The second estate at Warrington



DepoTech  
Torrey Pines  
San Diego  
California  
USA

Industrial Units  
Neuss  
Düsseldorf  
Germany



### Investment property portfolio (by value)

#### By location



UK 76%  
Australia 13%  
Canada 9%  
Europe 6%  
USA 5%

#### By sector worldwide



Industrial 60%  
Retail 12%  
Development land 6%  
Office/business 21%

comprises 20,750 sq.m. yielding £649,000 per annum. These acquisitions will enhance earnings and increase the Group's presence in an area which has experienced significant economic expansion.

Miscellaneous disposals were made aggregating some 3,200 sq.m. for £2.2 million. The estate management team continued to focus on enhancing customer satisfaction, improving both the working environment and security. Landscaping and signage schemes have been implemented on many properties to enhance their appearance and Business Watch Schemes have been established on 15 estates to ensure better crime prevention and detection. Customers' accommodation needs are monitored continually both to be able to satisfy those needs and as a prime source for new business. During the year rent reviews and lease renewals involved 269 transactions covering 273,100 sq.m.

## Overseas

Information on the overseas property interests is set out on pages 30 and 31.

### Canada

Despite markets remaining quiet, the occupancy of the Group's business and industrial parks has improved to over 96 per cent and in the best locations there are now positive signs of rental rate improvement, particularly in Toronto where Slough Estates Canada is the second largest owner of industrial parks in the market. There has been no new construction, save for an extension of 2,500 sq.m. to a building at Goreway, as current rental rates do not yet support new development.

### U.S.A.

In the USA the Group is in partnership with a number of experienced practitioners whose intimate knowledge of specific regional

markets and market practice complements the Group's own development and financing expertise.

Property markets have continued to recover from deep recession. This has led to further improvement in occupancy across the portfolio. Current occupancy is 95.3 per cent compared with 94.9 per cent at year-end 1994.

During the year a building of 7,650 sq.m. was built-to-suit for DepoTech at Torrey Pines, San Diego. Another building of 4,250 sq.m. is under construction for Gemini Science, a subsidiary of Kirin Breweries of Japan, also at Torrey Pines. In South San Francisco a building of 6,150 sq.m. is being built for Tularik Inc. These projects are being developed in partnership with a US-based pension fund.

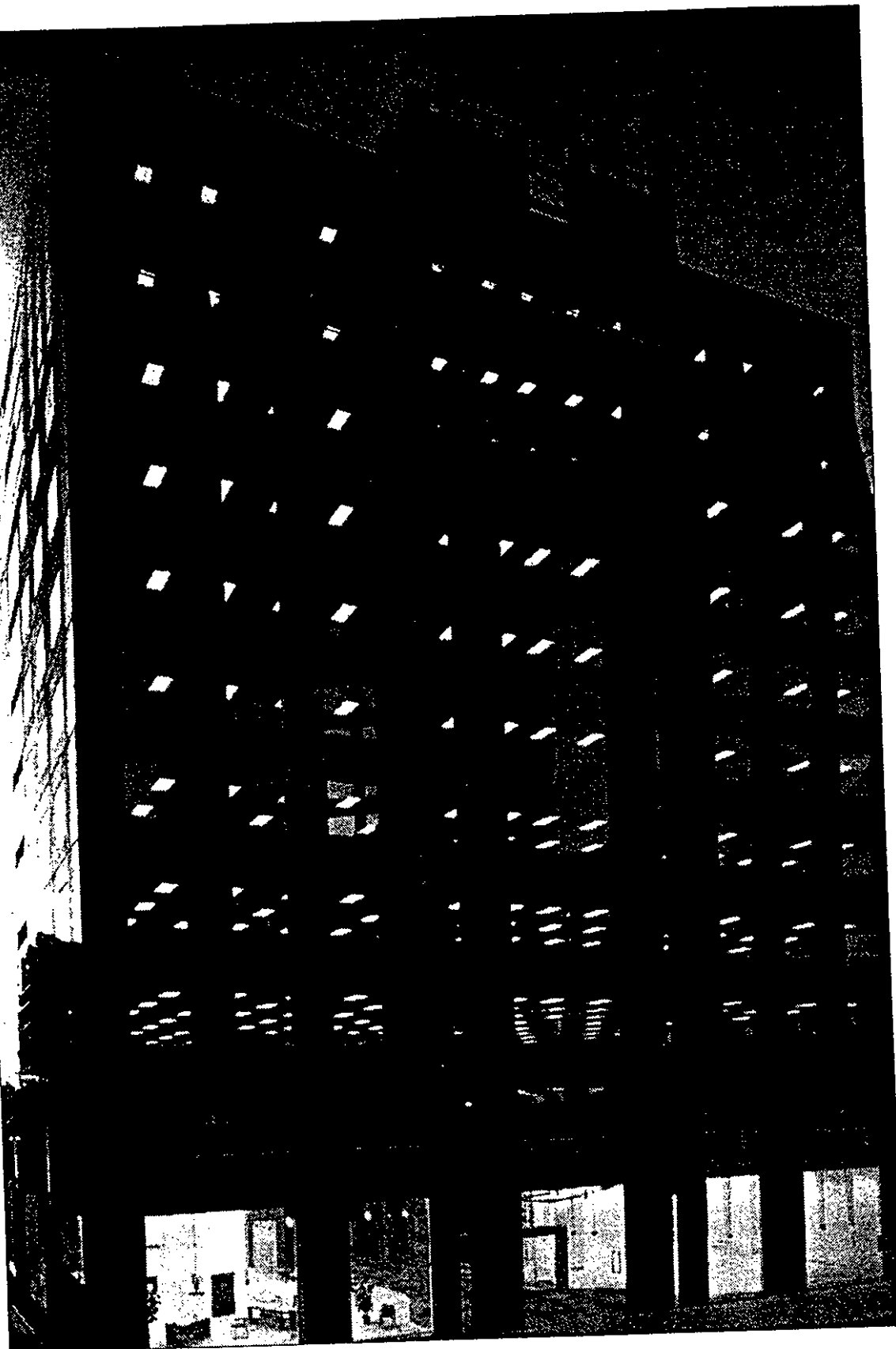
At Pleasanton, California, a 6,600 sq.m. phase of industrial units already leased is being built to augment the successful Hacienda park. A further unit of 6,000 sq.m. will commence construction in 1996.

The development of the Quail West Country Club, Naples, Florida, continues with 152 house lots contracted to date. Twelve premier builders have been selected and are maintaining an active programme of having available for view furnished model homes and other houses for early occupancy. A final nine holes has been constructed resulting in a full 36-hole golf course, clubhouse and tennis court complex to complement the houses built to date. The Country Club and the houses built have been acclaimed and have received numerous awards.

### Australia

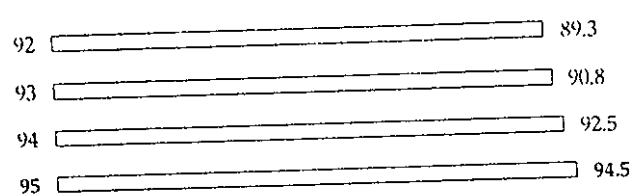
In general, the Australian property market continues to show an improving trend with both values and rental rates increasing.

1995 was a very successful leasing year with a net absorption of 28,000 sq.m. Occupancy improved to 96.4 per cent (1994 - 83.7 per cent).



Currie Street  
Adelaide  
Australia

Occupancy (per cent by area worldwide)



Major lettings included 14,000 sq.m. to several tenants at Silverwater, Sydney and 8,200 sq.m. to Telstra at Adelaide.

In February it was announced that conditional contracts had been exchanged to sell the Sydney portfolio of 154,000 sq.m. to Equitable Property Trust. The 9,200 sq.m. office property in Adelaide has also been sold. The selling price net of costs will approximate to the year-end appraised values.

It is intended to sell the remaining properties in Melbourne during 1996 and to exit this market.

### Belgium

During the year two significant acquisitions were made contiguous to the existing Diegem property. In total 11.2 hectares of land and 31,000 sq.m. of buildings were acquired from Goodyear and IBM. 93 per cent of the combined space of 34,800 sq.m. is leased. The acquisitions provide an immediate opportunity to develop some 5 hectares of land fronting the main route from the International Airport to central Brussels. Ultimately, as leases fall in, a quality business park of 90,000 sq.m. will be developed.

During the year 18,400 sq.m. of buildings have been leased and the current occupancy level is about 90 per cent. Developments were completed for Kredietbank and Ricoh amounting to 5,200 sq.m.

### France

In France the 11,000 sq.m. building acquired in 1994 at Aulnay Sous Bois near Paris was leased to Tailleux.

Terms have been agreed to construct a building of 17,200 sq.m. for Sony Music at Marne La Vallée east of Paris. Sony have exercised an option to purchase the development on completion in mid-1996.

### Germany

During the year a further 3,075 sq.m. of space was added to the Willich Munchheide Estate

near Dusseldorf. At the year-end, an additional 4,575 sq.m. was under construction. At Neuss near Dusseldorf a 6,220 sq.m. development of industrial and office space was completed and ready for leasing.

## Other Investments

### Energy Interests

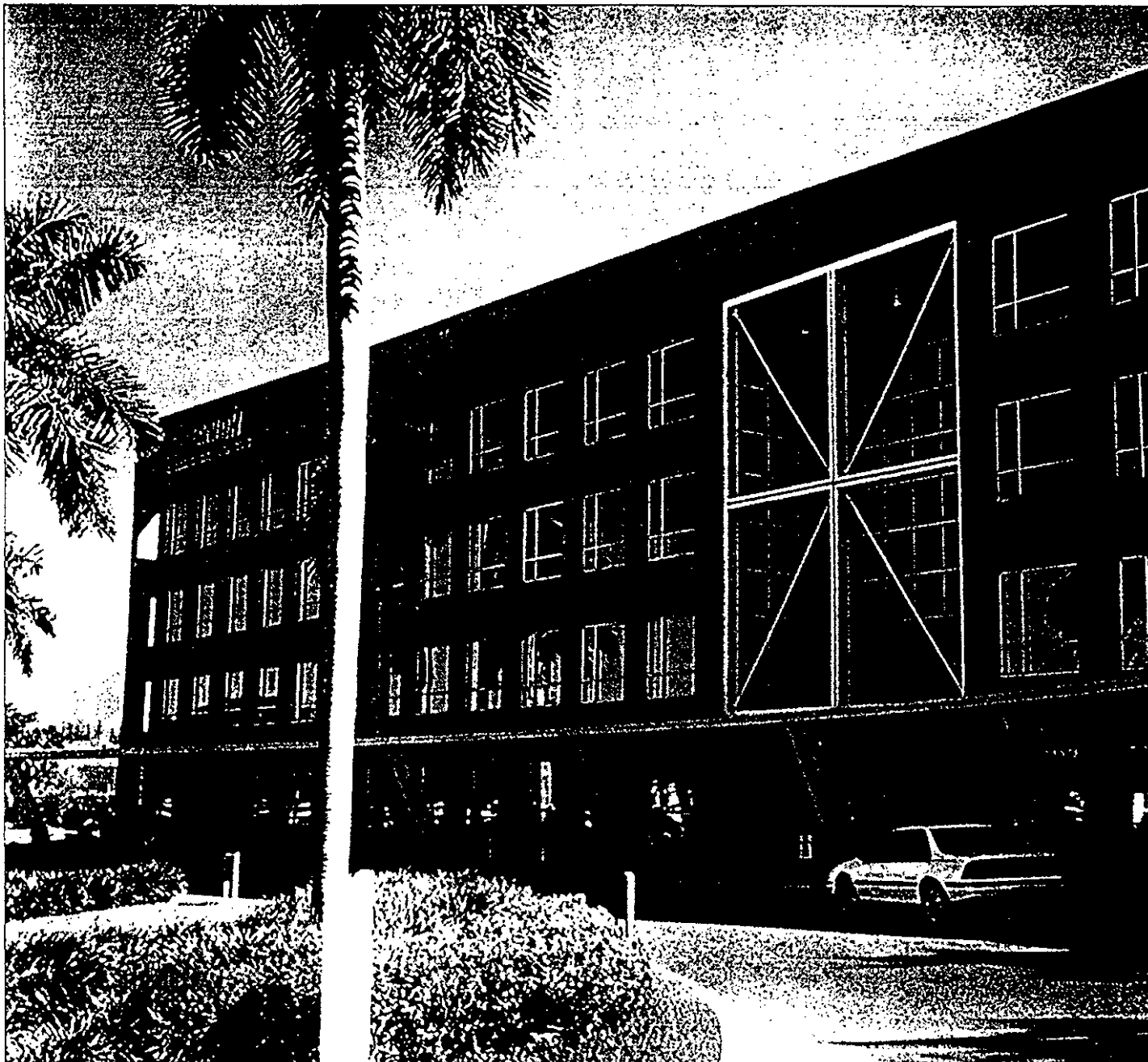
#### Slough Heat & Power Limited

On 1 April 1995 Slough Heat & Power Limited took over the operations of the former Utilities Services Division. The power station at the heart of the Slough Trading Estate generates and distributes electricity and steam for customers both on and off the Trading Estate and distributes water from its own wells.

Sales revenues increased by 3 per cent to £24.8 million in 1995, mainly from higher consumption by Estate customers. Unit sales of surplus electricity to the Grid were restricted as the two new coal-fired boilers continued to be unreliable. Following an £8.5 million financial settlement with the boiler contractors, major remedial works have commenced and will be completed in time for the next winter load. Utilities' contribution to operating profits in 1995 was £0.8 million, after a depreciation charge of £2.8 million.

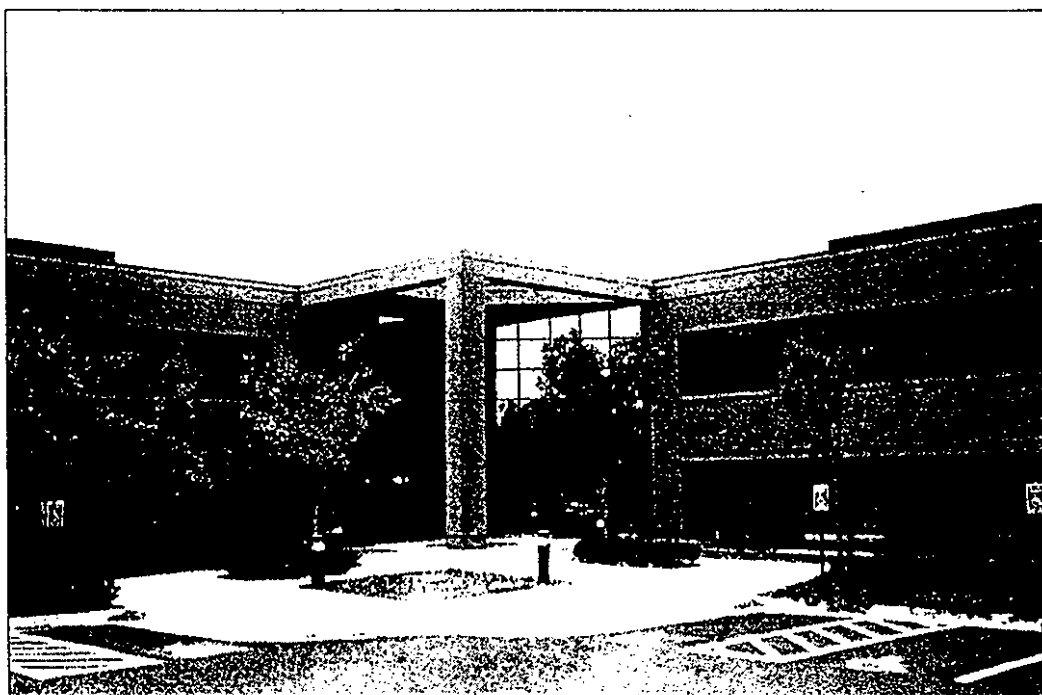
### Tipperary

The Group has an equity interest in Tipperary Corporation, an independent quoted Denver-based energy company, owning interests in oil and gas reserves in the USA primarily in Texas and the Rocky Mountain States, and in Australia, where it has a 30 per cent non-operating interest in the Comet Ridge coalbed methane prospecting project. The Group's investment had a book value of £5.4 million and a market value of £14.7 million as at December 1995.



Commercial Boulevard  
Fort Lauderdale  
Florida, USA

Westfields  
North Virginia, USA



## Leveraged Buy-out Interests

### Candover Funds

The Group participates in funds organized by Candover Investments plc, a UK quoted company specializing in management buy-out financing. The Candover 1989 Fund, to which the Group contributed £20.5 million in capital calls, is in its investment realization phase. During 1995 trade sales or stock market flotations were achieved for Pavilion, Gaymer, Gardner Merchant, Expro, Atco Qualcast and Vero, contributing £5.8 million to Group profits. Three Candover and two quoted investments remain to be realized with a book cost of £9.4 million.

Of the Group's £14 million commitment to the new £307 million Candover 1994 Fund, only £1.6 million has so far been called.

### Charterhouse USA (CHUSA)

CHUSA is a leveraged buy-out management business founded in 1973. It is based in New York and the Group owns 20 per cent of its equity capital. The Group has £18.0 million currently invested in CHUSA and its related funds, including £12.3 million in Charterhouse Equity Partners, against which no further capital calls will be made, and £3.4 million in Charterhouse Equity Partners II, to which a further £3.0 million is committed. During 1995, CHUSA investments produced a profit contribution to the Group of £6.4 million, most notably through the sale of the Group's interests in Charter Power.

## Five Year Financial Results

|                                                                                       | 1995<br>£m | 1994<br>£m | 1993<br>£m | 1992<br>£m | 1991<br>£m |
|---------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|
| <b>Group profit and loss account</b>                                                  |            |            |            |            |            |
| Property investment income net                                                        | 130.0      | 122.5      | 112.9      | 111.4      | 105.0      |
| Operating profit                                                                      | 125.3      | 115.0      | 107.1      | 92.4       | 62.0       |
| Profit before taxation                                                                | 70.7       | 64.0       | 53.0       | 46.4       | 30.3       |
| <b>Group balance sheet</b>                                                            |            |            |            |            |            |
| Investment properties                                                                 | 1,779.0    | 1,766.4    | 1,641.3    | 1,480.7    | 1,655.7    |
| Trading properties                                                                    | 102.7      | 91.3       | 104.8      | 139.0      | 123.9      |
| Other assets                                                                          | 229.5      | 212.2      | 210.3      | 222.0      | 236.1      |
| Cash and deposits                                                                     | 27.2       | 27.3       | 69.0       | 65.0       | 28.0       |
| Total assets                                                                          | 2,138.4    | 2,097.2    | 2,025.4    | 1,906.7    | 2,043.7    |
| Borrowings                                                                            | (791.5)    | (750.2)    | (726.5)    | (830.2)    | (766.7)    |
| Other liabilities and minority interests                                              | (164.5)    | (124.0)    | (119.1)    | (152.6)    | (174.0)    |
| Shareholders' funds                                                                   | 1,182.4    | 1,223.0    | 1,179.8    | 923.9      | 1,103.0    |
| <b>Total return</b>                                                                   |            |            |            |            |            |
| Profit attributable to ordinary shareholders                                          | 43.4       | 35.0       | 24.8       | 23.4       | 22.8       |
| Capital (deficit)/surplus                                                             | (51.1)     | 29.8       | 114.7      | (181.7)    | (109.3)    |
|                                                                                       | (7.7)      | 64.8       | 139.5      | (158.3)    | (86.5)     |
| <b>Data per ordinary share:</b>                                                       |            |            |            |            |            |
| <b>Revenue earnings</b>                                                               |            |            |            |            |            |
| Excluding profit/(loss) on sale of investment properties net of tax and minority      | 10.9p      | 8.9p       | 7.0p       | 9.3p       | 7.7p       |
| Adjustment for profit/(loss) on sale of investment properties net of tax and minority | 0.2p       | 0.2p       | —          | (1.4p)     | 0.1p       |
| Basic                                                                                 | 11.1p      | 9.1p       | 7.0p       | 7.9p       | 7.8p       |
| Capital (deficit)/surplus                                                             | (13.1p)    | 7.7p       | 32.5p      | (61.7p)    | (37.1p)    |
| Total return                                                                          | (2.0p)     | 16.8p      | 39.5p      | (53.8p)    | (29.3p)    |
| Dividends                                                                             | 8.5p       | 8.1p       | 8.1p       | 8.1p       | 11.55p     |
| Net assets per share — basic                                                          | 267p       | 277p       | 270p       | 265p       | 327p       |
| Net assets per share — diluted                                                        | 266p       | 276p       | 269p       | 265p       | 321p       |



## Environment and Community

Berwick Avenue, Slough Trading Estate

### Community Involvement

Since its foundation, the Group has recognised and exercised its social responsibilities towards its tenants and local communities. This we have achieved by maintaining close involvement with community initiatives, through financial support and management assistance for charities, education, environmental and community projects. The largest sponsorship,

has become the largest independent occupational health service in the UK and on the Slough Trading Estate provides medical services for 400 member companies ranging from a reactive emergency treatment service for casualties and physiotherapy patients to a proactive service of providing health education and training. The company has 35 full time members of staff, including four doctors and twelve nurses, and has recently established a mobile treatment service.

The Slough Social Fund, which was established in 1936 by a group of local businessmen under the leadership of the then Chairman of Slough Estates, Sir Noel Mobbs, has been enhanced and has steadily built up an endowment which provides support for local voluntary organisations and self-help groups working within the local community.

In addition, Group executives play a significant part in a number of other local initiatives including supporting research and education at the City University and the Universities of Buckingham and Reading.

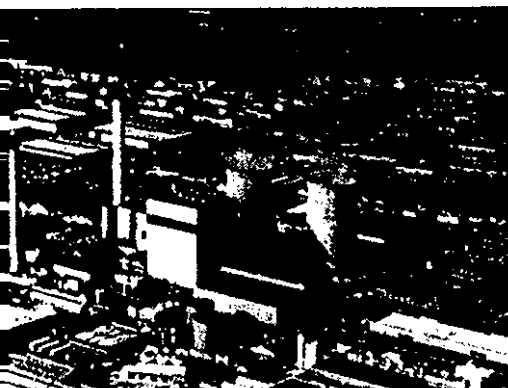
Herschel Grammar School students at work

for the second year, was a donation to Herschel Grammar School situated close to Slough Trading Estate, to enable the school to achieve Technology College status as part of the Government's scheme to raise the standards of science and technology training in secondary schools. As a result Herschel Grammar School now possesses one of the best school computing facilities in the Thames Valley.

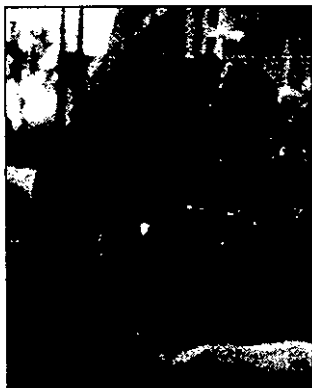
The Group also provides managerial and secretarial support to two charities. Corporate Health Limited, formerly Slough Occupational Health Service, was the first private sector occupational health service in the country. Today, Corporate Health Limited



Corporate Health providing medical services on the Slough Trading Estate



The Power Station, Slough Trading Estate



Haymill Nature Reserve on the west boundary of the Slough Trading Estate

## Environment

The Group is committed to protecting and enhancing the environment on all its properties and operations worldwide.\* Measures include the carrying out of environmental assessments on all developments, the inspection of all buildings annually, the identification and rectification of any environmental damage and the encouragement of occupiers to observe good environmental practices. Energy efficiency is given a high priority in building design and wherever possible construction materials are obtained from sustainable sources.

In 1995 Slough Heat & Power demonstrated its commitment to improving environmental performance with two major initiatives. The first was the commissioning of a new hot water heating system to add to its steam distribution system which supplies space heating and process steam to a large part of the Estate. This communal provision of heating is more thermally efficient than each individual building providing its own heating needs.

The second important initiative was the formation of Fibre Fuel Limited, a joint venture company with UK Waste Management Limited which has installed a fuel preparation facility within the Slough Trading Estate. This plant will provide the power station with a significant proportion of its fuel from a renewable energy source thus reducing greenhouse gas emission.

The facility will also be used to recycle paper, cardboard and plastic from commercial waste that would otherwise be landfilled.

*\*A copy of the Group's Environmental Policy may be obtained on application to the Company Secretary*



## Security

The Group takes the challenge of security against crime on its properties seriously and has promoted Business Watch schemes on fifteen of its estates in the UK. Business Watch provides an excellent means of enhancing estate security by establishing a partnership between the police, the occupiers and property owners which is dedicated to reducing crime and enabling co-ordination of security measures to improve effectiveness.

The Slough Trading Estate Business Watch established in September 1994 with sponsorship from the Group has helped to reduce burglary by 30 per cent with an overall decrease in all types of crime by 18 per cent. Nearly all occupiers on the Estate are members of the scheme which is actively managed by a former senior police officer.

A recent initiative, has been an estate-wide security marking scheme in partnership with the police, whereby an estimated 20,000 items of business and office equipment are being engraved indelibly to deter theft and assist the police in the recovery and identification of stolen goods. Monitored by Thames Valley Police the results will be forwarded to the Home Office, who hope to use them as a means of encouraging business communities elsewhere in the UK to follow suit.



Slough Trading Estate Business Watch. A partnership approach

# UK Property Portfolio



| LOCATION                        | LAND AREA<br>Hectares | LAND FOR<br>DEVELOPMENT<br>Hectares | INDUSTRIAL/<br>WAREHOUSING<br>sq.m. | BUSINESS/<br>OFFICE<br>sq.m. | RETAIL<br>sq.m. | TOTAL<br>sq.m. | UNDER CON-<br>STRUCTION<br>sq.m. | NUMBER<br>OF<br>TENANTS | RENT<br>ROLL<br>£'000 |
|---------------------------------|-----------------------|-------------------------------------|-------------------------------------|------------------------------|-----------------|----------------|----------------------------------|-------------------------|-----------------------|
| Slough                          | 197                   | 2                                   | 626,455                             | 48,264                       | 18,581          | 693,300        | 15,175                           | 409                     | 50,611                |
| London                          | 62                    | 2                                   | 253,736                             | 47,527                       | 3,174           | 304,437        | 4,298                            | 230                     | 20,158                |
| South East<br>(NORTH OF THAMES) | 36                    | 17                                  | 30,945                              | 5,068                        | —               | 36,013         | —                                | 40                      | 2,709                 |
| South East<br>(SOUTH OF THAMES) | 54                    | 7                                   | 132,403                             | 17,615                       | 1,645           | 151,663        | 6,702                            | 59                      | 12,009                |
| South                           | 37                    | 8                                   | 95,359                              | 6,311                        | 46              | 101,716        | —                                | 108                     | 5,219                 |
| Midlands & North                | 48                    | 1                                   | 144,981                             | 16,606                       | 18,620          | 180,207        | 5,911                            | 164                     | 9,429                 |
| Retail                          | 43                    | 4                                   | —                                   | 1,655                        | 147,023         | 148,678        | —                                | 336                     | 19,762                |
| Total                           | 477                   | 41                                  | 1,283,879                           | 143,046                      | 189,089         | 1,616,014      | 32,086                           | 1,346                   | 119,897               |
| Percentage by use:              | —                     | —                                   | 79                                  | 9                            | 12              | —              | —                                | —                       | —                     |

| LOCATION                           | LAND AREA<br>Hectares | LAND FOR<br>DEVELOPMENT<br>Hectares | INDUSTRIAL/<br>WAREHOUSING<br>sq.m. | BUSINESS/<br>OFFICE<br>sq.m. | RETAIL<br>sq.m. | TOTAL<br>sq.m. | UNDER CON-<br>STRUCTION<br>sq.m. | NUMBER<br>OF<br>TENANTS | RENT<br>ROLL<br>£'000 |
|------------------------------------|-----------------------|-------------------------------------|-------------------------------------|------------------------------|-----------------|----------------|----------------------------------|-------------------------|-----------------------|
| Slough                             | 197                   | 2                                   | 626,455                             | 48,264                       | 18,581          | 693,300        | 15,175                           | 409                     | 50,611                |
| London                             |                       |                                     |                                     |                              |                 |                |                                  |                         |                       |
| Inner                              | 20                    | 1                                   | 85,724                              | 23,319                       | 3,174           | 112,217        | —                                | 122                     | 9,172                 |
| Outer                              | 42                    | 1                                   | 168,012                             | 24,208                       | —               | 192,220        | 4,298                            | 108                     | 10,986                |
| Total                              | 62                    | 2                                   | 253,736                             | 47,527                       | 3,174           | 304,437        | 4,298                            | 230                     | 20,158                |
| South East<br>(NORTH<br>OF THAMES) |                       |                                     |                                     |                              |                 |                |                                  |                         |                       |
| Aldenharn                          | 27                    | 16                                  | —                                   | —                            | —               | —              | —                                | —                       | —                     |
| High Wycombe                       | 6                     | —                                   | 21,064                              | 2,169                        | —               | 23,233         | —                                | 18                      | 1,409                 |
| Welwyn Garden City                 | 2                     | —                                   | 9,591                               | —                            | —               | 9,591          | —                                | 21                      | 668                   |
| Watford                            | 1                     | 1                                   | 290                                 | 2,899                        | —               | 3,189          | —                                | 1                       | 632                   |
| Total                              | 36                    | 17                                  | 30,945                              | 5,068                        | —               | 36,013         | —                                | 40                      | 2,709                 |
| South East<br>(SOUTH<br>OF THAMES) |                       |                                     |                                     |                              |                 |                |                                  |                         |                       |
| Epsom                              | 1                     | —                                   | 6,843                               | —                            | —               | 6,843          | —                                | 3                       | 300                   |
| Rochester                          | 7                     | 1                                   | 23,642                              | —                            | 1,645           | 25,287         | —                                | 11                      | 1,144                 |
| Bracknell                          | 1                     | 1                                   | 234                                 | 238                          | —               | 472            | —                                | 1                       | 8                     |
| Old Woking                         | 1                     | —                                   | —                                   | 3,313                        | —               | 3,313          | —                                | 20                      | 469                   |
| Winnersh                           | 41                    | 5                                   | 87,897                              | 14,064                       | —               | 101,961        | 6,702                            | 21                      | 9,450                 |
| Camberley                          | 3                     | —                                   | 13,787                              | —                            | —               | 13,787         | —                                | 3                       | 638                   |
| Total                              | 54                    | 7                                   | 132,403                             | 17,615                       | 1,645           | 151,663        | 6,702                            | 59                      | 12,009                |

## Metric conversion:

1 hectare = 2.471 acres

1 sq.m. = 10.764 sq.ft.

| LOCATION          | LAND AREA<br>Hectares | LAND FOR<br>DEVELOPMENT<br>Hectares | INDUSTRIAL/<br>WAREHOUSING<br>sq.m. | BUSINESS/<br>OFFICE<br>sq.m. | RETAIL<br>sq.m. | TOTAL<br>sq.m. | UNDER CON-<br>STRUCTION<br>sq.m. | NUMBER<br>OF<br>TENANTS | RENT<br>ROLL<br>£'000 |
|-------------------|-----------------------|-------------------------------------|-------------------------------------|------------------------------|-----------------|----------------|----------------------------------|-------------------------|-----------------------|
| South             |                       |                                     |                                     |                              |                 |                |                                  |                         |                       |
| Basingstoke†      | 4                     | 1                                   | 11,007                              | —                            | 46              | 11,053         | —                                | 9                       | 1,093                 |
| Yate              | 9                     | —                                   | 31,738                              | —                            | —               | 31,738         | —                                | 30                      | 1,160                 |
| Weston-super-Mare | 8                     | 1                                   | 25,578                              | —                            | —               | 25,578         | —                                | 41                      | 1,024                 |
| Bournemouth       | 7                     | 5                                   | —                                   | 5,003                        | —               | 5,003          | —                                | 4                       | 568                   |
| Portsmouth        | 9                     | 1                                   | 27,036                              | 1,308                        | —               | 28,344         | —                                | 24                      | 1,374                 |
| Total             | 37                    | 8                                   | 95,359                              | 6,311                        | 46              | 101,716        | —                                | 108                     | 5,219                 |

|                       |    |   |         |        |        |         |       |     |       |
|-----------------------|----|---|---------|--------|--------|---------|-------|-----|-------|
| Midlands<br>and North |    |   |         |        |        |         |       |     |       |
| Birmingham            | 23 | 1 | 72,890  | 2,624  | —      | 75,514  | 5,911 | 67  | 3,484 |
| Huddersfield          | 8  | — | 15,315  | —      | 9,023  | 24,338  | —     | 24  | 1,165 |
| Oldbury               | 2  | — | 4,315   | 1,576  | —      | 5,891   | —     | 5   | 416   |
| Chester               | 2  | — | 11,108  | —      | —      | 11,108  | —     | 4   | 391   |
| Runcorn               | 4  | — | 13,697  | —      | —      | 13,697  | —     | 5   | 591   |
| Warrington            | 5  | — | 20,757  | —      | —      | 20,757  | —     | 23  | 649   |
| Salford               | 2  | — | 6,899   | —      | —      | 6,899   | —     | 17  | 336   |
| Walsall               | 2  | — | —       | —      | 8,080  | 8,080   | —     | 2   | 602   |
| Sheffield             | —  | — | —       | 10,199 | 1,517  | 11,716  | —     | 16  | 1,558 |
| Leeds                 | —  | — | —       | 2,207  | —      | 2,207   | —     | 1   | 237   |
| Total                 | 48 | 1 | 144,981 | 16,606 | 18,620 | 180,207 | 5,911 | 164 | 9,429 |

|                                       |    |   |   |       |         |         |   |     |        |
|---------------------------------------|----|---|---|-------|---------|---------|---|-----|--------|
| Retail                                |    |   |   |       |         |         |   |     |        |
| Howard Centre,†<br>Welwyn             |    |   |   |       |         |         |   |     |        |
| Garden City                           | 2  | — | — | 147   | 22,114  | 22,261  | — | 56  | 2,217  |
| Pentagon Centre,†<br>Chatham          | 4  | — | — | —     | 29,495  | 29,495  | — | 84  | 3,619  |
| Haymarket,<br>Newcastle               | —  | — | — | 598   | 702     | 1,300   | — | 5   | 287    |
| Lewisham Centre,<br>Lewisham          | 5  | — | — | 910   | 25,832  | 26,742  | — | 81  | 5,723  |
| Buchanan Galleries,†<br>Glasgow (50%) | 4  | 4 | — | —     | —       | —       | — | —   | —      |
| Surrey Quays,†<br>Rotherhithe (50%)   | 9  | — | — | —     | 25,474  | 25,474  | — | 40  | 3,165  |
| Clifton Moor,<br>York (50%)           | 9  | — | — | —     | 19,420  | 19,420  | — | 9   | 2,325  |
| Beaumont Leys,<br>Leicester (50%)     | 10 | — | — | —     | 23,986  | 23,986  | — | 61  | 2,426  |
| Total                                 | 43 | 4 | — | 1,655 | 147,023 | 148,678 | — | 336 | 19,762 |

† Long leasehold. Percentages refer to ownership interest.

# Overseas Investment and Development Portfolio

as at 31 December 1995

| LOCATION           | LAND AREA<br>Hectares | LAND FOR<br>DEVELOPMENT<br>Hectares | INDUSTRIAL/<br>WAREHOUSING<br>sq.m. | BUSINESS/<br>OFFICE<br>sq.m. | RETAIL<br>sq.m. | TOTAL<br>sq.m. | UNDER CON-<br>STRUCTION<br>sq.m. | NUMBER<br>OF<br>TENANTS |
|--------------------|-----------------------|-------------------------------------|-------------------------------------|------------------------------|-----------------|----------------|----------------------------------|-------------------------|
| Australia          | 55                    | 21                                  | 205,915                             | 18,978                       | 885             | 225,778        | —                                | 207                     |
| Belgium            | 41                    | 17                                  | 76,758                              | 18,812                       | 3,500           | 99,070         | 5,024                            | 80                      |
| France             | 12                    | —                                   | 49,749                              | 4,553                        | —               | 54,302         | 17,170                           | 12                      |
| Germany            | 5                     | 1                                   | 15,324                              | 1,824                        | —               | 17,148         | 4,575                            | 12                      |
| Canada             | 204                   | 70                                  | 427,807                             | 80,185                       | —               | 507,992        | —                                | 521                     |
| U.S.A.             | 142                   | 27                                  | 153,961                             | 204,595                      | 63,763          | 422,319        | 16,931                           | 338                     |
| Total              | 459                   | 136                                 | 929,514                             | 328,947                      | 68,148          | 1,326,609      | 43,700                           | 1,170                   |
| Percentage by use: | —                     | —                                   | 70                                  | 25                           | 5               | —              | —                                | —                       |

## Australia



| LOCATION      | LAND AREA<br>Hectares | LAND FOR<br>DEVELOPMENT<br>Hectares | INDUSTRIAL/<br>WAREHOUSING<br>sq.m. | BUSINESS/<br>OFFICE<br>sq.m. | RETAIL<br>sq.m. | TOTAL<br>sq.m. | UNDER CON-<br>STRUCTION<br>sq.m. | NUMBER<br>OF<br>TENANTS |
|---------------|-----------------------|-------------------------------------|-------------------------------------|------------------------------|-----------------|----------------|----------------------------------|-------------------------|
| Melbourne     |                       |                                     |                                     |                              |                 |                |                                  |                         |
| Notting Hill  | 18                    | 9                                   | 44,784                              | 3,608                        | —               | 48,392         | —                                | 89                      |
| Scoresby†     | 14                    | 12                                  | 14,190                              | —                            | —               | 14,190         | —                                | 13                      |
| Adelaide      |                       |                                     |                                     |                              |                 |                |                                  |                         |
| Currie Street | —                     | —                                   | —                                   | 8,616                        | 568             | 9,184          | —                                | 2                       |
| Sydney        |                       |                                     |                                     |                              |                 |                |                                  |                         |
| Alexandria    | 6                     | —                                   | 43,538                              | 83                           | —               | 43,621         | —                                | 21                      |
| Silverwater   | 10                    | —                                   | 70,839                              | 78                           | 63              | 70,980         | —                                | 36                      |
| Smithfield    | 6                     | —                                   | 31,383                              | 204                          | 254             | 31,841         | —                                | 38                      |
| North Ryde    | 1                     | —                                   | 1,181                               | 6,389                        | —               | 7,570          | —                                | 8                       |
| Total         | 55                    | 21                                  | 205,915                             | 18,978                       | 885             | 225,778        | —                                | 207                     |

## Belgium



| LOCATION          | LAND AREA<br>Hectares | LAND FOR<br>DEVELOPMENT<br>Hectares | INDUSTRIAL/<br>WAREHOUSING<br>sq.m. | BUSINESS/<br>OFFICE<br>sq.m. | RETAIL<br>sq.m. | TOTAL<br>sq.m. | UNDER CON-<br>STRUCTION<br>sq.m. | NUMBER<br>OF<br>TENANTS |
|-------------------|-----------------------|-------------------------------------|-------------------------------------|------------------------------|-----------------|----------------|----------------------------------|-------------------------|
| Brussels          |                       |                                     |                                     |                              |                 |                |                                  |                         |
| Woluwe St Stevens | 4                     | —                                   | 17,572                              | 2,304                        | —               | 19,876         | —                                | 20                      |
| Zaventem E40      | 1                     | —                                   | 3,943                               | —                            | 3,500           | 7,443          | —                                | 8                       |
| Horizon           | 3                     | 1                                   | 4,893                               | —                            | —               | 4,893          | —                                | 4                       |
| Nossegem          | 3                     | —                                   | 13,147                              | —                            | —               | 13,147         | —                                | 19                      |
| Kortenbergh (51%) | 11                    | 9                                   | —                                   | —                            | —               | —              | —                                | —                       |
| Relegem           | 4                     | —                                   | 14,301                              | —                            | —               | 14,301         | 5,024                            | 19                      |
| Diegem 1          | 13                    | 6                                   | 22,902                              | 11,930                       | —               | 34,832         | —                                | 5                       |
| Diegem 3          | 1                     | —                                   | —                                   | 4,578                        | —               | 4,578          | —                                | 5                       |
| Other             | 1                     | 1                                   | —                                   | —                            | —               | —              | —                                | —                       |
| Total             | 41                    | 17                                  | 76,758                              | 18,812                       | 3,500           | 99,070         | 5,024                            | 80                      |

## France



| LOCATION               | LAND AREA<br>Hectares | LAND FOR<br>DEVELOPMENT<br>Hectares | INDUSTRIAL/<br>WAREHOUSING<br>sq.m. | BUSINESS/<br>OFFICE<br>sq.m. | RETAIL<br>sq.m. | TOTAL<br>sq.m. | UNDER CON-<br>STRUCTION<br>sq.m. | NUMBER<br>OF<br>TENANTS |
|------------------------|-----------------------|-------------------------------------|-------------------------------------|------------------------------|-----------------|----------------|----------------------------------|-------------------------|
| Paris                  |                       |                                     |                                     |                              |                 |                |                                  |                         |
| Colombes               | 3                     | —                                   | 17,812                              | —                            | —               | 17,812         | —                                | 6                       |
| Bures Orsay            | 4                     | —                                   | 19,264                              | —                            | —               | 19,264         | —                                | 3                       |
| Aulnay Sous Bois       | 2                     | —                                   | 10,971                              | —                            | —               | 10,971         | —                                | 1                       |
| Nanterre (66%)         | —                     | —                                   | 1,702                               | 4,553                        | —               | 6,255          | —                                | 1                       |
| Bussy St Georges (70%) | 3                     | —                                   | —                                   | —                            | —               | —              | 17,170                           | 1                       |
| Total                  | 12                    | —                                   | 49,749                              | 4,553                        | —               | 54,302         | 17,170                           | 12                      |

## Germany



| LOCATION           | LAND AREA<br>Hectares | LAND FOR<br>DEVELOPMENT<br>Hectares | INDUSTRIAL/<br>WAREHOUSING<br>sq.m. | BUSINESS/<br>OFFICE<br>sq.m. | RETAIL<br>sq.m. | TOTAL<br>sq.m. | UNDER CON-<br>STRUCTION<br>sq.m. | NUMBER<br>OF<br>TENANTS |
|--------------------|-----------------------|-------------------------------------|-------------------------------------|------------------------------|-----------------|----------------|----------------------------------|-------------------------|
| Willich-Münchheide | 3                     | —                                   | 9,956                               | 972                          | —               | 10,928         | 4,575                            | 11                      |
| Neuss              | 2                     | 1                                   | 5,368                               | 852                          | —               | 6,220          | —                                | 1                       |
| Total              | 5                     | 1                                   | 15,324                              | 1,824                        | —               | 17,148         | 4,575                            | 12                      |

| LOCATION       | LAND AREA<br>Hectares | LAND FOR<br>DEVELOPMENT<br>Hectares | INDUSTRIAL/<br>WAREHOUSING<br>sq.m. | BUSINESS/<br>OFFICES<br>sq.m. | RETAIL<br>sq.m. | TOTAL<br>sq.m. | UNDER CON-<br>STRUCTION<br>sq.m. | NUMBER<br>OF<br>TENANTS |
|----------------|-----------------------|-------------------------------------|-------------------------------------|-------------------------------|-----------------|----------------|----------------------------------|-------------------------|
| <b>Canada</b>  |                       |                                     |                                     |                               |                 |                |                                  |                         |
| Toronto        |                       |                                     |                                     |                               |                 |                |                                  |                         |
| Malton         | 50                    | —                                   | 151,063                             | 2,630                         | —               | 153,693        | —                                | 141                     |
| Markham        | 15                    | —                                   | 38,760                              | 26,857                        | —               | 65,617         | —                                | 81                      |
| Rexdale†       | 14                    | 2                                   | 48,019                              | —                             | —               | 48,019         | —                                | 13                      |
| Queensway      | 8                     | —                                   | 30,879                              | —                             | —               | 30,879         | —                                | 33                      |
| American Drive | 14                    | 2                                   | 41,345                              | 5,116                         | —               | 46,461         | —                                | 82                      |
| Matheson       | 3                     | —                                   | 13,450                              | —                             | —               | 13,450         | —                                | 8                       |
| Morningside    | 2                     | —                                   | 6,134                               | —                             | —               | 6,134          | —                                | 1                       |
| Bentley        | 8                     | —                                   | 32,898                              | —                             | —               | 32,898         | —                                | 28                      |
| Goreway        | 20                    | 12                                  | 25,198                              | —                             | —               | 25,198         | —                                | 7                       |
| Mississauga    | 16                    | 14                                  | 10,176                              | —                             | —               | 10,176         | —                                | 9                       |
| Oakville       | 19                    | 19                                  | —                                   | —                             | —               | —              | —                                | —                       |
| Finch          | 1                     | —                                   | —                                   | 7,568                         | —               | 7,568          | —                                | 36                      |
| Montreal       |                       |                                     |                                     |                               |                 |                |                                  |                         |
| St. Laurent    | 9                     | —                                   | 26,705                              | 12,353                        | —               | 39,058         | —                                | 59                      |
| Kirkland       | 16                    | 15                                  | 3,180                               | —                             | —               | 3,180          | —                                | 1                       |
| Vancouver      |                       |                                     |                                     |                               |                 |                |                                  |                         |
| Burnaby        | 9                     | 6                                   | —                                   | 25,661                        | —               | 25,661         | —                                | 22                      |
| <b>Total</b>   | <b>204</b>            | <b>70</b>                           | <b>427,807</b>                      | <b>80,185</b>                 | <b>—</b>        | <b>507,992</b> | <b>—</b>                         | <b>521</b>              |

|                                                                                    |            |           |                |                |               |                |               |            |
|------------------------------------------------------------------------------------|------------|-----------|----------------|----------------|---------------|----------------|---------------|------------|
| <b>U.S.A.</b>                                                                      |            |           |                |                |               |                |               |            |
|  |            |           |                |                |               |                |               |            |
| Chicago: Illinois                                                                  |            |           |                |                |               |                |               |            |
| Elk Grove (80%)                                                                    | 26         | —         | 90,626         | 3,098          | —             | 93,724         | —             | 78         |
| Schaumburg (80%)                                                                   | 2          | —         | 4,562          | —              | —             | 4,562          | —             | 3          |
| Rolling Meadows                                                                    | 4          | —         | —              | 12,413         | —             | 12,413         | —             | 13         |
| 33 West Monroe (25%)                                                               | —          | —         | —              | 78,345         | —             | 78,345         | —             | 10         |
| Bradley Place (80%)                                                                | 4          | —         | 14,140         | —              | —             | 14,140         | —             | 5          |
| West Meadows (80%)                                                                 | 8          | 3         | 14,299         | —              | —             | 14,299         | —             | 14         |
| Oakmont (80%)                                                                      | 9          | 3         | 10,373         | 10,938         | —             | 21,311         | —             | 23         |
| Peoria: Illinois                                                                   |            |           |                |                |               |                |               |            |
| Washington/Cherrytree (25%)                                                        | 7          | —         | —              | —              | 18,184        | 18,184         | —             | 18         |
| Pekin Courtside (40%)                                                              | 4          | —         | —              | —              | 7,351         | 7,351          | —             | 17         |
| California                                                                         |            |           |                |                |               |                |               |            |
| San Diego                                                                          |            |           |                |                |               |                |               |            |
| Viewridge (32%)                                                                    | 2          | —         | —              | 12,370         | —             | 12,370         | —             | 1          |
| Ruffpeake (80%)                                                                    | 1          | —         | —              | 4,186          | —             | 4,186          | —             | 1          |
| Nancy Ridge (80%)                                                                  | —          | —         | 1,716          | —              | —             | 1,716          | —             | —          |
| Mercury Village (40%)                                                              | 1          | —         | —              | —              | 2,649         | 2,649          | —             | 12         |
| Balboa Avenue (40%)                                                                | 1          | —         | —              | 6,493          | —             | 6,493          | —             | 1          |
| Torrey Pines 1 (30%)                                                               | 2          | —         | 7,654          | —              | —             | 7,654          | —             | 1          |
| Torrey Pines 2 (40%)                                                               | 1          | —         | —              | —              | —             | —              | 4,181         | 1          |
| San Francisco                                                                      |            |           |                |                |               |                |               |            |
| Hacienda, Pleasanton (64%)                                                         | 9          | —         | 10,591         | 13,099         | —             | 23,690         | 6,607         | 15         |
| Cabot Blvd, Hayward (64%)                                                          | 6          | 2         | —              | —              | —             | —              | —             | 1          |
| Point Eden, Hayward (64%)                                                          | 12         | 4         | —              | 25,053         | —             | 25,053         | —             | 17         |
| South San Francisco (36%)                                                          | 3          | 2         | —              | —              | —             | —              | 6,143         | 1          |
| Florida                                                                            |            |           |                |                |               |                |               |            |
| Commercial Place Ft Lauderdale (80%)                                               | 4          | 2         | —              | 8,395          | —             | 8,395          | —             | 12         |
| 800 Fairway Drive Ft Lauderdale (80%)                                              | 3          | —         | —              | 16,094         | —             | 16,094         | —             | 13         |
| Live Oak, Sarasota (80%)                                                           | 4          | 2         | —              | 5,858          | —             | 5,858          | —             | 17         |
| Boynton Beach (80%)                                                                | 8          | —         | —              | —              | 16,260        | 16,260         | —             | 28         |
| Georgia: Augusta (62%)                                                             | 10         | 1         | —              | —              | 19,319        | 19,319         | —             | 22         |
| North Virginia: Westfields (68%)                                                   | 11         | 8         | —              | 8,253          | —             | 8,253          | —             | 14         |
| <b>Total</b>                                                                       | <b>142</b> | <b>27</b> | <b>153,961</b> | <b>204,595</b> | <b>63,763</b> | <b>422,319</b> | <b>16,931</b> | <b>338</b> |

† Long leasehold. Percentages refer to ownership interest.

# Directors' Biographies

**Sir Nigel Mobbs, DL**  
*Executive Chairman*

Sir Nigel Mobbs, whose grandfather was a founder of the company, joined Slough Estates in 1960. An executive director since 1963, he became Chairman and Chief Executive in 1976. He is a non-executive director of Barclays Bank and Howard de Walden Estates and a former Chairman of Kingfisher and the Charterhouse Group. He is a former President of the British Property Federation and a member of the Commonwealth War Graves Commission. He is aged 58.

**Derek Wilson**  
*Chief Executive*

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 as finance director from Cadbury Schweppes in 1986. He is a non-executive director of Candover Investments plc. He is aged 51.

**Roger Carey**  
*Group Managing Director*

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 1983 as director responsible for the development and marketing of UK properties. He is immediate past President of the British Property Federation and a non-executive director of TR Property Investment Trust plc. He is aged 51. He will be retiring from the company on 30 April 1996.



Sir Nigel Mobbs



Derek Wilson



Roger Carey



David Simons



Hugh Thomson



Dick Kingston

**David Simons**  
*Executive Director*

Following a degree in Economics and Politics at Cambridge, he subsequently qualified as a chartered accountant with Whinney, Smith & Whinney (now Ernst & Young). Following 5 years in industry and 3 years in management consultancy, he joined Slough Estates in 1973 as General Manager of overseas operations and is currently responsible for operations in Europe and Australia. He is aged 55 and became a director in 1991.

**Hugh Thomson**  
*Executive Director*

A fellow of The Royal Institution of Chartered Surveyors. After experience in private practice, English China Clays and Bracknell Development Corporation, he joined Slough Estates in 1976 and is responsible for the management of the UK investment portfolio. He is aged 50 and became a director in 1991.

**Dick Kingston**  
*Executive Director*

Having obtained a Business Studies degree whilst with British Petroleum, he qualified as a chartered accountant with Whinney Murray & Co. (now Ernst & Young) in London and Paris. Following 5 years with Hawker Siddeley as head of financial control and audit, he joined Slough Estates as Group Financial Controller in 1987 and is appointed Finance Director from April 1996. He is aged 48.

**Paul Orchard-Lisle, CBE, TD, DL**  
*Non-Executive Deputy Chairman*

A Chartered Surveyor and Senior Partner of Healey & Baker. He has held a number of public sector posts in his career and was President of The Royal Institution of Chartered Surveyors in 1985-86. He is President of the Council of Reading University and a Deputy Lieutenant for the County of Greater London. He has been a director of the company since 1980. He is aged 57.

**Roger Brooke**  
*Non-Executive Director*

After an early career in the Foreign Office, and with the Industrial Reorganization Corporation, he was managing director of Scienta SA, which was involved in advance technology business in Europe. He was a director of the Pearson Group for 8 years and was group managing director of EMI in 1979-80. He was founding Chief Executive of Candover Investments plc of which he is now Chairman. He is a non-executive director of Tarmac plc, Lowndes Lambert Group Holdings plc, Wembley plc and is Chairman of the Audit Commission. He has been a director of the company since 1980. He is aged 65.

**David Hubbard, OBE**  
*Non-Executive Director*

Qualified as a chartered accountant with KPMG in London before developing a career in industry. Chairman of Powell Duffryn Plc and London & Manchester Group Plc and non-executive director of Blue Circle Industries Plc, Shandwick Plc and TR City of London Trust Plc and Chairman designate of Exco PLC. He is Deputy Chairman of the Cancer Research Campaign. He is 59 and was appointed a director in 1994.



Paul Orchard-Lisle

Roger Brooke

David Hubbard

Sir Gordon Jewkes

Douglas Kramer

The Rt. Hon. John MacGregor

**Sir Gordon Jewkes, KCMG**  
*Non-Executive Director*

He served as Director-General of British Trade and Investment, USA and HM Consul General, New York from 1989 to 1991 and earlier as Governor of the Falkland Islands, Consul-General in Chicago and Cleveland and as Finance Officer of the Diplomatic Service. He is executive director of the Walpole Committee and an adviser to other companies. He is aged 64 and was appointed a director in 1992.

**Douglas Kramer**  
*Non-Executive Director*

A citizen of the United States, he is Chairman of the Board of Draper & Kramer Incorporated, a full service real estate company with its main office in Chicago. He has been a director since 1981 and is a director of Kirke-Van Orsdel Inc., an insurance broking business in Iowa. Draper & Kramer have been partners with Slough Estates since its first venture into America in 1973. He is aged 59.

**The Rt. Hon. John MacGregor, OBE, MP**  
*Non-Executive Director*

Member of Parliament for South Norfolk. He has served the Government in several Cabinet appointments, Chief Secretary to the Treasury, Agriculture, Education & Science, Leader of the House and Lord President of the Council and until July 1994 he was Secretary of State for Transport. His current appointments are as non-executive Deputy Chairman of Hill Samuel Bank Limited and non-executive director of Associated British Foods PLC. He is 59 and was appointed a director in 1995.

# Directors, Officers and Advisers

as at 31 December 1995

## Executive Directors

Sir Nigel Mobbs DL  
*Chairman and Chief Executive*

R W Carey *Managing*

D R Wilson *Managing*

D E F Simons

H L Thomson

## Non-Executive Directors

P D Orchard-Lisle CBE, TD, DL†\*  
*Deputy Chairman*

C R E Brooke†

R D C Hubbard OBE†\*

Sir Gordon Jewkes KCMG†\*

D Kramer (USA)

The Rt. Hon. John MacGregor OBE MP†\*

## Secretary

J R Probert FCIS

## Senior Management

S M Bailey  
*Investment Property*

P N Jackson  
*Slough Heat & Power*

J S P Keogan  
*Development and Leasing*

R D Kingston  
*Financial Controller*

T C Mant  
*Treasurer*

B Rimmer  
*Construction*

M L Taylor  
*Retail*

N M White  
*Administration and External Affairs*

M D Lees *North America*

J A Hasen *Canada*

I A Cuttriss *Australia*

W E Hens *Belgium and France*

U Titz *Germany*

## Auditors

Coopers & Lybrand

## Solicitors

Lovell White Durrant

Nabarro Nathanson

## Merchant Bankers

SBC Warburg

## Principal Bankers

Barclays Bank PLC

National Westminster Bank PLC

Royal Bank of Canada

## Stockbrokers

SBC Warburg

## Registrars and Transfer Office

Royal Bank of Scotland 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 and Registered Office

Slough Estates plc

234 Bath Road

Slough SL1 4EE

England

Telephone: Slough (01753) 537171

Fax: (01753) 820585

†Member of Audit Committee

\*Member of Remuneration Committee



Directors' Report  
and Accounts

1995

# Directors' Report

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The directors submit their annual report together with the audited accounts for the year ended 31 December 1995 which were approved by the Board on 27 March 1996.

## Business of the Group

The principal activities of the Group continued throughout 1995 to be industrial and commercial property development, construction and investment, the supply of utility services and the provision of services associated with such activities.

A review of the development of the business of the company and its subsidiary undertakings during the year, their position at the end of it and likely future developments in their business, are set out in the Chairman's Statement on pages 4 to 10, the Financial Review on pages 12 to 16 and the Review of Activities on pages 18 to 24.

## Results

The results for the year are set out in the Group profit and loss account on page 48. The Group's pre-tax profits were £70.7 million (1994 £64.0 million). After allowing for preference dividends of £11.7 million paid and accrued during the year, earnings attributable to ordinary shareholders were £43.4 million (1994 £35.0 million). Basic earnings per ordinary share amounted to 11.1p (1994 9.1p). Diluted net assets per ordinary share decreased to 266p (1994 276p).

## Ordinary Dividend

An interim dividend of 3.1p per share was paid on 12 October 1995.

Your Board recommends the payment of a final dividend in respect of the year ended 31 December 1995 of 5.4p per share payable on 24 May 1996, making a total dividend of 8.5p per share (1994 8.1p per share). The record date for the dividend will be 30 April 1996. The ordinary dividends paid and proposed in respect of 1995 will absorb £33.2 million.

## Property Valuations

The Group's investment property portfolio was valued by external valuers as at 31 December 1995.

The net decrease of £56.2 million in the value of the Group's investment properties arising

from the valuation has been transferred to capital reserve in so far as it is attributable to members of the holding company. Allowing for capital expenditure, property disposals, transfers from trading properties and differences on exchange, the net effect is that the book value of the Group's investment land and buildings has increased to £1,779 million.

Further details concerning the valuation are set out under the heading "Property valuation" on page 46 and note number 8 to the financial statements.

The property assets of Slough Heat & Power were excluded from the valuation.

Trading properties held for resale and buildings under construction have been valued by the directors and, where appropriate, reflect the necessary adjustment to net realisable value.

## Directors

The present directors, who have served throughout the year, are named on page 34.

In accordance with the Articles of Association, Sir Nigel Mobbs, Mr D Kramer and Mr D R Wilson retire from the Board by rotation and, being eligible, offer themselves for re-election.

Sir Nigel Mobbs and Mr D R Wilson each have a service contract with the company which may be terminated by the company giving not less than two years' notice in writing.

Mr D Kramer does not have a service contract with the company or any of its subsidiaries.

Mr R D Kingston, who has a contract which may be terminated by the company giving not less than two years notice in writing has been appointed a director with effect from 1 April 1996 and in accordance with the Articles of Association he retires at the Annual General Meeting and is eligible for re-election. Mr R W Carey leaves the Group on 30 April 1996.

## Directors' Powers to Allot Shares

At the Annual General Meeting held on 17 May 1995 new Articles of Association were adopted Article 10 of which gave the directors authority to allot shares. The directors have a

general authority to allot or grant rights over shares, for a period of 5 years, up to £32,522,722 in nominal amount of ordinary share capital (representing approximately one third of the current issued ordinary share capital) and sufficient authority to cover the conversion of the remaining convertible preference shares held in the capital of the company.

The authority granted in respect of the convertible preference shares has been taken in order to ensure that sufficient authority is available to the company in the event that all the remaining convertible preference shares are converted into ordinary shares in the company. The additional authority will only be utilised to allot shares in this manner.

The new Articles also granted a power to the directors to issue or grant rights over ordinary shares wholly for cash otherwise than in connection with a rights issue up to an aggregate nominal amount of £4,878,457.

A special resolution, set out in the Notice of the Meeting will (if passed) grant until the conclusion of the 1997 Annual General Meeting of the company or if earlier 20 August 1997, the power to the directors to issue ordinary shares wholly for cash otherwise than in connection with a rights issue up to an aggregate nominal amount of £4,881,941. The directors believe that it is prudent for them to have this power so that there is readily available for issue for cash an appropriate, although relatively small, pool of authorised but uncommitted ordinary shares to take advantage of any suitable opportunities which may arise to extend the Group's activities, either to acquire further assets or to raise additional funds.

The figure of £4,881,941 represents approximately 5% of the issued ordinary share capital and the proposed authority as a whole conforms to guidelines issued by the Institutions' Investment Committees.

#### Amendment to the 1981 SAYE Share Option Scheme (the "Scheme")

The Chancellor announced in his Budget last November several changes to the law governing Save As You Earn share option schemes to make them more attractive to employees. In summary these changes are:

- a reduction in the minimum monthly contribution of participants from £10 to £5;
- the introduction of a new three year savings contract (the present minimum savings contract is five years and the maximum savings contract is seven years);
- permission for participants transferred to companies within a group which do not participate in a scheme to exercise their options on maturity of their savings contracts. At present such participants are unable to exercise their options if at that time they are not employed by a participating company.

Your Board proposes to amend the Scheme, subject to the approval of the Inland Revenue, to include all of the new features described above following Royal Assent to the Finance Bill. However, until the new legislation comes into force, the precise terms of the amendments to the Scheme cannot be approved. Accordingly, your Board is asking shareholders to authorise the Board to make such amendments to the rules of the Scheme as may be necessary to implement these changes subject to Inland Revenue approval.

#### Directors' and Officers' Liability Insurance

The company maintains directors' and officers' liability insurance.

#### Company Status

The company is not a close company under the provisions of the Income and Corporation Taxes Act 1988.

#### Disabled Employees

The Group accepts its obligation to employ disabled people and, to the extent that the demands of the Group's business and the aptitude and ability of each individual concerned allow, it endeavours to give the disabled equal consideration with others in providing them with opportunities for training, promotion and career development. This policy applies in filling vacancies and in the continuing employment of existing employees who may become disabled.

#### Employee Involvement

The Group places considerable value upon the involvement of its employees, at all levels,

in its affairs and has continued its practice of keeping them regularly and systematically informed on matters of concern affecting them as employees and on the financial and economic factors affecting the Group's performance. Consultations with them or their representatives take place on a regular basis so that their views can be taken into account when decisions are made which are likely to affect their interests. This is achieved by regular meetings between management and employees at all levels.

In addition, most UK employees may participate in the company's employee share schemes whereby they have the opportunity to benefit from the performance and progress of the Group.

#### Charitable, Political and Other Donations

The amounts given by the company were as follows:

|                               | £       |
|-------------------------------|---------|
| Charitable                    | 161,600 |
| Conservative Party Funds      | 21,500  |
| Aims of Industry              | 2,500   |
| Centre for Policy Studies     | 2,000   |
| Institute of Economic Affairs | 2,500   |

#### Auditors

The auditors, Coopers & Lybrand, have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act 1985, resolutions concerning their reappointment and remuneration will be placed before the annual general meeting.

#### Directors' Interests in Share and Loan Capital

The directors of the company who were in office at 31 December 1995 and the beneficial interests of these directors and their families in the share and loan capital of the company, as shown by the register maintained by the company under the provisions of Section 325 of the Companies Act 1985, are shown in the report of the Remuneration Committee on pages 39 to 42.

Save as mentioned in the Remuneration Committee Report on page 42, no director had any holding or interest in the company's shares or in any of the company's debenture or unsecured loan stocks, or unsecured bonds and none of the directors had any beneficial

interest in the share or loan capital of any subsidiary of the company.

Save as mentioned in the Remuneration Committee Report on page 42 to the accounts, no director had a material interest in any contract, transaction or arrangement with the company or any of its subsidiaries at, or during the year ended, 31 December 1995 in respect of which particulars are required to be stated in the accounts under the provisions of Schedule 6 to the Companies Act 1985.

#### Substantial Shareholdings

At 27 March 1996 the following had notified the company of an interest of 3 per cent or more in the ordinary share capital of the company:

Schroders Investment Management Limited and its subsidiaries holding in aggregate on a discretionary basis 39,230,208 ordinary shares of 25p each, representing 10.04 per cent.

Britannic Assurance plc and its subsidiaries holding in total 16,380,401 ordinary shares of 25p each, representing 4.19 per cent.

Sunpen Nominees Limited and its subsidiaries holding in aggregate 15,588,606 ordinary shares of 25p each, representing 3.99 per cent.

Mr R W Diggins 15,419,352 ordinary shares of 25p each, representing 3.95 per cent.

Legal & General holding in aggregate 12,620,249 ordinary shares of 25p each, representing 3.23 per cent.

In addition, the company has received the following notifications in respect of an overall total of 22,036,830 ordinary shares, representing 5.64 per cent, from individuals who hold the shares registered jointly in their names with one or more of the others, as non-beneficial interests:

|                  |                              |
|------------------|------------------------------|
| Mr A R Hack      | - 11,170,167 ordinary shares |
| Mr C Heather     | - 17,630,167 ordinary shares |
| Mr W J Mackenzie | - 20,240,230 ordinary shares |
| Mrs S E Turner   | - 10,230,167 ordinary shares |
| Mr M D Willcox   | - 11,806,663 ordinary shares |

By order of the Board

J R Probert  
Secretary

27 March 1996

*J. R. Probert*

# Remuneration Committee Report

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## The Remuneration Committee

The Remuneration Committee is comprised wholly of non-executive directors and is chaired by Mr P D Orchard-Lisle. The other members of the Committee are Sir Gordon Jewkes, Mr R D C Hubbard and The Rt. Hon. John MacGregor. Sir Nigel Mobbs as Chairman is in attendance at meetings and absents himself when his own affairs are discussed.

## Remuneration Policy

The Remuneration Committee decides the remuneration policy for executive directors and senior executives. The committee takes independent professional advice with regard to information on compensation and salary levels in other companies, both in the property sector and of comparable size, for executives with similar skills, qualifications and experience. The Committee, in framing its remuneration policy, has given full consideration to the best practice provisions set out in Section B of the annex to the Listing Rules.

The objectives of the remuneration policy are to:

- ensure that the individual rewards and incentives relate to the performance of the individual, the company and the interests of shareholders;
- maintain a package which enables the company to attract, retain and motivate executives of the appropriate calibre and experience to further the success of the company.

The remuneration package consists of salary, health insurance and company car, pension and participation in a long term share incentive plan, share options and a profit sharing scheme. The company does not operate a bonus scheme although the Remuneration Committee does have discretion to award individual bonuses in recognition of special performance that benefits the company.

## Outside Appointments

Executive Directors, who are non-executive directors of outside companies may retain any fees payable to them with the consent of the Remuneration Committee, except in cases where the directorship is as a representative of the company.

## Service Contracts

All the executive directors (except Mr R W Carey) have service contracts which are terminable by the company on not more than two years' notice and by the individual director on one year's notice. In recognition of a reduction in notice from three years to two years, the contracts of Sir Nigel Mobbs, D R Wilson, H L Thomson and D E F Simons contain provisions for pre-determined compensation of between 21 and 24 months of salary, plus company pension contributions, should control of the company change and as a consequence the relevant executive director's employment is terminated.

Mr R W Carey has a three year contract but leaves the Group on 30 April 1996.

The Remuneration Committee considers that notice periods of two years are in line with market practice and in the best interests of the company.

The Remuneration Committee considers all proposals for the early termination of the service contracts of executive directors and senior executives and save for the circumstances stated above would observe the principle of mitigation.

## Pension and Retirement benefits

All executive directors qualify for pension benefits under the Slough Estates (1957) Pension Scheme, which is a final salary scheme. The scheme is contracted-out of the State Earnings Related Pension Scheme. It is Inland Revenue approved and has been registered with the Pensions' Registrar.

For directors, the scheme provides a pension of two thirds of final salary, which includes taxable benefits in kind (which have been part of the package for a considerable time), upon retirement at the age of 62, subject to completion of a minimum of twenty years' service, or pro-rata. Discretionary bonuses are not pensionable.

The cost of directors' pensions of £131,000 (1994 £142,000) is calculated by reference to the company's contribution rate in respect of all members of that scheme.

There has so far been no clear directive on the method of disclosure of directors' pension entitlements and a further decision on the method of the calculation is awaited.

**Non-Executive Directors'**

The fees payable to non-executive directors are agreed by the Board, following a recommendation by the Chairman of the Board and with assistance of independent advice on comparable organisations and appointments.

The non-executive directors do not participate in any of the share schemes nor do they receive any other benefits or pension rights under the Pension Scheme.

| Remuneration of Directors                         | 1995<br>£000 | 1994<br>£000 |
|---------------------------------------------------|--------------|--------------|
| Executive directors                               |              |              |
| Base salaries                                     | 868          | 823          |
| *Bonuses                                          | 13           | —            |
| Benefits in kind                                  | 53           | 51           |
| Pension contributions                             | 131          | 142          |
| Non-executive directors' fees                     | 117          | 85           |
| Pensions to former directors and their dependants | 70           | 69           |
|                                                   | <u>1,252</u> | <u>1,170</u> |

**Details of Remuneration**

|                                       |      | Base<br>salaries<br>£000 | Bonuses*<br>£000 | Benefits<br>in kind<br>£000 | Pension<br>contributions<br>£000 | Total<br>£000 |
|---------------------------------------|------|--------------------------|------------------|-----------------------------|----------------------------------|---------------|
| <b>Executive Directors</b>            |      |                          |                  |                             |                                  |               |
| Sir Nigel Mobbs                       | 1995 | 288                      | 3                | 11                          | 44                               | 346           |
| <i>Chairman &amp; Chief Executive</i> | 1994 | 275                      | —                | 10                          | 47                               | 332           |
| R W Carey                             | 1995 | 181                      | 3                | 8                           | 27                               | 219           |
|                                       | 1994 | 171                      | —                | 7                           | 30                               | 208           |
| D R Wilson                            | 1995 | 181                      | 3                | 13                          | 27                               | 224           |
|                                       | 1994 | 171                      | —                | 12                          | 30                               | 213           |
| D E F Simons                          | 1995 | 109                      | 3                | 11                          | 16                               | 139           |
|                                       | 1994 | 104                      | —                | 11                          | 18                               | 133           |
| H L Thomson                           | 1995 | 109                      | 3                | 10                          | 17                               | 139           |
|                                       | 1994 | 102                      | —                | 11                          | 17                               | 130           |

\* To mark the 75th Anniversary of the company in May 1995, UK employees were granted a bonus of 2½ per cent of basic pay up to a limit of £2,500.

**Non Executive Directors**

|                                                 | Fees         |              |
|-------------------------------------------------|--------------|--------------|
|                                                 | 1995<br>£000 | 1994<br>£000 |
| C R E Brooke                                    | 18           | 17           |
| Sir Christopher Harding<br>(resigned 18.5.94)   | —            | 6            |
| R D C Hubbard<br>(appointed 9.12.94)            | 18           | 1            |
| Sir Gordon Jewkes                               | 18           | 17           |
| D Kramer                                        | 18           | 17           |
| The Rt Hon John MacGregor<br>(appointed 6.1.95) | 18           | —            |
| P D Orchard-Lisle<br>(Deputy Chairman)          | 27           | 26           |

**Profit Sharing Scheme**

The executive directors participate in the company's Profit Sharing Scheme in which all eligible employees are entitled to participate. The Scheme was approved by shareholders on 21 May 1980. Appropriations of shares by the Trustees of the Scheme to directors during the year were: Sir Nigel Mobbs, R W Carey and D R Wilson 3,764 shares each (1994 3,143 shares each), D E F Simons 2,470 shares (1994 1,964 shares) and H L Thomson 2,470 shares (1994 1,836 shares). The market

value per share for the purposes of the Scheme was 212.5p per share (1994 254.5p per share). The shares, which are included in the directors' beneficial interests in shares shown on page 42, are held by the Trustees of the Scheme on behalf of a participant for a period of five years from the date of appropriation before being released to the participant.

**Long Term Share Incentive Scheme**

A long term share incentive scheme which is operated by the independent trustees of the Slough Estate Employees' Benefit Trust has been introduced for executive directors and senior executives with effect from 23 June 1994 under which bonus awards of shares in the company may be earned based on the achievement of real growth in earnings and assets per share over a period of three years. Awards under the Scheme are granted at the discretion of the Trustees of the Scheme on the recommendation of the Remuneration Committee. Awards will normally vest at the discretion of the Trustees on the third anniversary on which the awards were granted subject to the performance targets described on page 41.

The growth required in both earnings per share (weighted 60%) and net assets per share (weighted 40%) and the vesting are:

|               | Vesting<br>% | 1994<br>% | 1995<br>% |
|---------------|--------------|-----------|-----------|
| Low hurdle    | 20           | 4.0 p.a.  | 4.5 p.a.  |
| Median hurdle | 60           | 8.0 p.a.  | 8.5 p.a.  |
| High hurdle   | 100          | 11.0 p.a. | 11.5 p.a. |

and pro-rata for intermediate achievement subject to performance exceeding the low hurdle.

The estimated costs of the Scheme are charged to operating profit over the three year period before the actual number of shares to be released is determined. The amount charged to operating profit in 1995 in respect of executive directors was £169,130 (1994 £87,342). The value of shares awarded under this Scheme will be included in individual directors' emoluments when and if shares are released.

#### Executive Share Option Schemes

Executive directors have participated in the Executive Share Option Scheme (the 1972

Scheme), and are eligible to participate in its successor the Approved Executive Share Option Scheme (the 1994 Scheme). The exercise of options granted under the 1972 Scheme was not subject to performance targets. The final grant of options to directors under this Scheme occurred on 21 April 1993. The Remuneration Committee determined that the exercise of options granted under the 1994 Scheme were subject to the satisfaction of the condition that growth in the company's earnings per share must have exceeded the increase in the Retail Price Index (R.P.I.) over a three year period plus 1 per cent.

On 27 March 1996, the Remuneration Committee recommended and the Board approved the change to the performance criteria of the 1994 Scheme so that options may be exercised only if growth in the company's earnings per share exceeded the increase in the R.P.I. over a three year period plus 6 per cent.

There are 56 people who have options outstanding under the Executive Share Option Schemes.

Options expiring and outstanding granted to executive directors under the Schemes are as follows:

| Date of grant | Date from which exercisable | Expiry date | Option price p | Sir Nigel Mobbs | R W Carey | D R Wilson | D E F Simons | H L Thomson |
|---------------|-----------------------------|-------------|----------------|-----------------|-----------|------------|--------------|-------------|
|               |                             | 30.3.95     | 256.2          | 37,865          | 30,399    | 18,453     | 7,039        | 15,999      |
| 31.3.89       | 31.3.92                     | 30.3.96     | 322.0          | 38,775          | 20,285    | 25,673     | 13,100       | 8,451       |
| 15.9.89       | 15.9.92                     | 14.9.96     | 355.4          | 66,351          | 33,703    | —          | 23,982       | 1,901       |
| 3.4.90        | 3.4.93                      | 2.4.97      | 280.2          | 59,271          | 29,160    | 16,587     | 7,289        | 21,130      |
| 22.4.91       | 22.4.94                     | 21.4.98     | 242.7          | 66,033          | 28,420    | 50,291     | 8,980        | 10,564      |
| 9.9.91        | 9.9.94                      | 8.9.98      | 260.7          | —               | —         | —          | 28,740       | 26,127      |
| 16.4.92       | 16.4.95                     | 15.4.99     | 165.5          | 22,992          | 42,535    | 36,787     | 1,567        | 8,047       |
| 21.4.93       | 21.4.96                     | 20.4.00     | 191.3          | —               | 12,100    | 65,000     | 9,000        | 14,200      |
| 4.4.95        | 4.4.98                      | 3.4.05      | 217.8          | 45,708          | 37,750    | 26,360     | 6,615        | 15,205      |
|               |                             |             |                | 299,130         | 203,953   | 220,698    | 99,273       | 105,625     |

Compared to the share price of 218p on 31 December 1995:

|                                            |         |         |         |        |        |
|--------------------------------------------|---------|---------|---------|--------|--------|
| Options of no value                        | 230,430 | 111,568 | 92,551  | 82,091 | 68,173 |
| Options with value                         | 68,700  | 92,385  | 128,147 | 17,182 | 37,452 |
| Value of options as at 31.12.95 before tax | £12,162 | £25,637 | £36,721 | £3,239 | £8,046 |

Options granted under the 1972 Scheme may be exercised after three years and before seven years from the date of grant and after three years and before ten years under the 1994 Scheme.

On exercise of an option, the option holder is required to subscribe for the new shares at the option price. The value of the options shown

above is calculated by deducting the subscription amount from the value of the option shares based on the closing share price at 31 December 1995.

No options were exercised by the directors in 1995.

During the year the share price ranged between a high of 241p and a low of 189p.

## Directors' interests in shares

The interests of the directors and their immediate families in the ordinary shares of the company at 1 January 1995 and 31 December 1995 were:

|                                  | Own holdings |         | Other interests |        | *Incentive share scheme |         |
|----------------------------------|--------------|---------|-----------------|--------|-------------------------|---------|
|                                  | 31.12.95     | 1.1.95  | 31.12.95        | 1.1.95 | 31.12.95                | 1.1.95  |
| <b>Number of ordinary shares</b> |              |         |                 |        |                         |         |
| Sir Nigel Mobbs                  | 323,421      | 319,657 | 18,327          | 18,327 | *82,835                 | *40,164 |
| C R E Brooke                     | 3,250        | 3,250   | —               | —      | —                       | —       |
| R W Carey                        | 23,606       | 21,366  | 9,015           | 7,454  | *44,913                 | *22,037 |
| R D C Hubbard                    | —            | —       | 4,370           | 4,370  | —                       | —       |
| Sir Gordon Jewkes                | 2,816        | 1,300   | —               | —      | —                       | —       |
| D Kramer                         | 6,250        | 6,250   | —               | —      | —                       | —       |
| Rt Hon John MacGregor            | 1,000        | —       | —               | —      | —                       | —       |
| P D Orchard-Lisle                | 23,580       | 23,580  | —               | —      | —                       | —       |
| D E F Simons                     | 49,389       | 46,919  | —               | —      | *23,266                 | *11,851 |
| H L Thomson                      | 20,172       | 17,702  | —               | —      | *22,402                 | *10,987 |
| D R Wilson                       | 25,379       | 21,615  | —               | —      | *44,913                 | *22,037 |

\*Maximum number of shares which may be awarded to the individuals on achievement of upper level performance targets.

Between 31 December 1995 and 27 March 1996 the following changes took place: R W Carey acquired 35 ordinary shares as a result of re-investment of his dividend entitlement in his PEP.

|                                                       | Own holdings |        | Other interests |        |
|-------------------------------------------------------|--------------|--------|-----------------|--------|
|                                                       | 31.12.95     | 1.1.95 | 31.12.95        | 1.1.95 |
| <b>8.25p convertible redeemable preference shares</b> |              |        |                 |        |
| Sir Nigel Mobbs                                       | 35,752       | 35,752 | 6,760           | 6,760  |
| R W Carey                                             | —            | 1,298  | 4,170           | 2,872  |
| P D Orchard-Lisle                                     | 6,300        | 6,300  | —               | —      |
| D E F Simons                                          | 37,380       | 37,380 | —               | —      |

The following are the non-beneficial interests of the directors who were in office at 31 December 1995.

|                                                                                                               | Ordinary shares |         | 8.25p Convertible Preference shares |        |
|---------------------------------------------------------------------------------------------------------------|-----------------|---------|-------------------------------------|--------|
|                                                                                                               | 31.12.95        | 1.1.95  | 31.12.95                            | 1.1.95 |
| Sir Nigel Mobbs                                                                                               | 71,804          | 71,804  | 26,484                              | 26,484 |
| Sir Nigel Mobbs, R W Carey,<br>D R Wilson and Sir Gordon Jewkes<br>(as Trustees of the Profit Sharing Scheme) | 669,192         | 620,027 | —                                   | 11,615 |

Between 31 December 1995 and 27 March 1996 the Trustees of the Profit Sharing Scheme sold 1,904 ordinary shares beneficially owned by two employees at their request.

## Directors' other interests

Mr P D Orchard-Lisle is the senior partner in the firm of Healey & Baker which has continued to act during 1995 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. of which he is interested in 10 per cent of the issued share capital. Since 1974 Draper & Kramer Inc. has held 20 per cent of SDK Incorporated. During 1995 Draper & Kramer Inc. has continued to provide professional and management services to businesses in which the Group has an interest and received fees for its services on normal professional terms.

# Statement of the Directors' responsibilities

for the preparation of financial statements

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Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit for that year. In preparing the financial statements the directors are required to:

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

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985.

They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors' Report

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### Coopers & Lybrand

To the members of Slough Estates plc.

We have audited the financial statements on pages 46 to 64.

#### Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

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

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

#### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1995 and of the profit, total recognised gains and losses and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand  
Chartered Accountants and  
Registered Auditors  
London  
27 March 1996

*Coopers Lybrand*

# Corporate Governance and Internal Control

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The Board of Directors is responsible to the shareholders for the group's management and internal financial control systems. Board meetings are held on a regular monthly basis. There is a defined schedule of matters reserved for decision by the Board.

The Board discharges its responsibility for internal financial control through the following key procedures:

- the establishment of an organisational structure with clearly defined levels of authority and division of responsibilities;
- a comprehensive system of financial reporting, budgeting and planning against which performance is monitored;
- the formulation of policies and of approval procedures in a number of key areas such as treasury operations, capital expenditures and environmental matters. These are reviewed from time to time by the Board to confirm their adequacy;
- the provision of a code of conduct for employees and the monitoring of the quality of personnel through an annual performance appraisal process.

The internal financial control system is monitored through a process of self-certification whereby senior management report on the operation of those elements of the system for which they are responsible.

The Board has reviewed the effectiveness of the group's systems of internal financial control during the financial year. This involved consideration of a management report on the systems and the results of the self-certification process.

It must be recognised that such systems can provide reasonable but not absolute assurance against material misstatement or loss.

The Board has in place the following committees:

- an Audit Committee - which comprises all the UK resident non-executive directors under the chairmanship of C R E Brooke;
- a Remuneration Committee - comprising of P D Orchard-Lisle (Chairman), Sir Gordon Jewkes, R D C Hubbard and The Rt. Hon John MacGregor. A report on the Remuneration Committee is on pages 39 to 42;
- an Executive Committee - which comprises all the executive directors.

There is no Nomination Committee as the process for the appointment of directors is a matter involving the entire Board.

Sir Nigel Mobbs was appointed Chairman and Chief Executive in 1976 and he is supported by a non-executive Deputy Chairman.

D R Wilson is appointed Chief Executive from 1 April 1996. Sir Nigel Mobbs continues as Executive Chairman. The executive directors have contracts with the company which may be terminated by the company giving not less than two years' notice in writing except for R W Carey who leaves the company on 30 April 1996.

The Board believes that the company conducts its affairs with integrity and complies with all the mandatory recommendations of the Cadbury Code of Best Practice on Corporate Governance.

In addition to our audit of the financial statements, we have reviewed the directors' statements on pages 16 and 44 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

#### Basis of opinion

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the group's system of internal financial control or its corporate governance procedures, nor on the ability of the group to continue in operational existence.

#### Opinion

With respect to the directors' statements on internal financial control opposite and going concern on page 16, in our opinion the directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for the directors) and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement opposite appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review.

Coopers & Lybrand  
Chartered Accountants  
London  
27 March 1996



# Accounting Policies

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## Basis of accounting

These financial statements have been prepared on the basis of historical costs but incorporating property valuations, and in accordance with applicable Accounting Standards and, except for the depreciation of investment properties, with the Companies Act 1985. An explanation of the departure from the requirements of the Act is given below in the depreciation note.

The value of investments in subsidiaries and associates has been adjusted to reflect the underlying net asset values (see note 10).

The company has taken advantage of the exemption provided by Section 230 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 its subsidiaries, 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 externally valued as at 31 December by Richard Ellis and Hillier Parker in the United Kingdom, in Australia by JLW Advisory Services Pty Limited, in the USA by Richard Ellis Inc., in Canada by Drivers Jonas (Canada)

Ltd., in Belgium by King & Co. s.a. and in France by Bourdais Expertises.

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 valuers were also instructed to assume that, unless informed to the contrary, the properties are not, or likely to be, affected by land contamination and have assumed that the cost of any decontamination work would be immaterial unless advised to the contrary. In addition, the valuers have assumed that there are no ground conditions which would affect the present or future uses of the properties.

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:** In accordance with SSAP19, no depreciation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run. This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate.

The accounting policy adopted is therefore necessary for the financial statements to give 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 reasonably 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 (after an initial commissioning period in the case of Utilities) on a straight line basis over its estimated useful life: mainly 10 - 25 years.

## Capitalisation of interest

Interest costs incurred in funding land for or under development and construction work in progress are capitalised during the period of development. 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.

## Trading properties

Unless pre-sold, properties are held at the lower of cost, including finance costs, and market value. Pre-sold properties are stated at cost plus attributable profits less losses, where the outcome can be assessed with reasonable certainty, less progress payments receivable. Attributable profit consists of the relevant proportion of the total estimated profit appropriate to the progress made in construction and letting. 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.

## Taxation

Deferred tax is provided by the liability method on short term timing differences only to the extent that a liability to pay tax is foreseen. Deferred tax assets are only carried forward to the extent that they are expected to be recovered without replacement by equivalent debit balances. No deferred tax is provided on capital allowances attributable to assets which are not subject to depreciation. No provision is made for any contingent tax liability 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.

## Goodwill

Goodwill arising on acquisitions is written off against reserves.

## Group profit and loss account

For the year ended 31 December 1995

|                                                                                | Note | 1995<br>£m | 1994<br>£m |
|--------------------------------------------------------------------------------|------|------------|------------|
| Turnover                                                                       | 1    | 183.4      | 179.4      |
| Operating income:                                                              |      |            |            |
| Property investment                                                            | 1    | 130.0      | 122.5      |
| Property trading                                                               | 1    | 0.1        | 0.5        |
| Utilities                                                                      | 1    | 0.8        | 1.6        |
| Other income                                                                   | 2    | 6.8        | 2.2        |
| Administration expenses                                                        | 3    | (12.4)     | (11.8)     |
| Operating profit                                                               |      | 125.3      | 115.0      |
| Profit on sale of investment properties                                        |      | 0.7        | 0.7        |
| Share of associates' profit                                                    |      | 5.9        | 2.7        |
| Profit before interest and taxation                                            |      | 131.9      | 118.4      |
| Interest (net)                                                                 | 4    | (61.2)     | (54.4)     |
| Profit on ordinary activities before taxation                                  |      | 70.7       | 64.0       |
| Taxation                                                                       | 5    | (15.5)     | (16.8)     |
| Profit on ordinary activities after taxation                                   |      | 55.2       | 47.2       |
| Minority interests - equity                                                    |      | (0.1)      | (0.5)      |
| Preference dividends                                                           | 6    | (11.7)     | (11.7)     |
| Profit attributable to ordinary shareholders                                   |      | 43.4       | 35.0       |
| Ordinary dividends                                                             | 6    | (33.2)     | (31.6)     |
| Retained profit                                                                | 13   | 10.2       | 3.4        |
| Basic earnings per ordinary share                                              | 7    | 11.1p      | 9.1p       |
| Adjustment for profit on sale of investment properties net of tax and minority |      | (0.2p)     | (0.2p)     |
| Adjusted basic earnings per ordinary share                                     | 7    | 10.9p      | 8.9p       |

The results in the group profit and loss account relate to continuing operations.

The notes on pages 46 and 47 and 52 to 64 inclusive form part of these financial statements.

## Statement of total recognised gains and losses

For the year ended 31 December 1995

|                                                       | Note       | 1995<br>£m    | 1994<br>£m  |
|-------------------------------------------------------|------------|---------------|-------------|
| <b>Profit for the year</b>                            |            | <b>43.4</b>   | <b>35.0</b> |
| (Deficit)/surplus on revaluation of properties        | (56.2)     | 27.2          |             |
| (Deficit)/surplus on revaluation of investments       | (4.1)      | 2.1           |             |
|                                                       | (60.3)     | 29.3          |             |
| Exchange differences                                  | 9.2        | 0.3           |             |
| Other items                                           | (0.3)      | (0.3)         |             |
|                                                       | (51.4)     | 29.3          |             |
| Taxation                                              | —          | (0.1)         |             |
| Minority interests                                    | 0.3        | 0.6           |             |
| <b>Total other recognised gains and losses</b>        | <b>-13</b> | <b>(51.1)</b> | <b>29.8</b> |
| <b>Total recognised gains and losses for the year</b> |            | <b>(7.7)</b>  | <b>64.8</b> |
| Realised                                              |            | 48.6          | 33.1        |
| Unrealised                                            |            | (56.3)        | 31.7        |
|                                                       |            | <b>(7.7)</b>  | <b>64.8</b> |

## Note of historical cost profits and losses

For the year ended 31 December 1995

|                                                                                                        | 1995<br>£m  | 1994<br>£m    |
|--------------------------------------------------------------------------------------------------------|-------------|---------------|
| Reported profit on ordinary activities before taxation                                                 | 70.7        | 64.0          |
| Realisations of revaluation gains and losses of previous years                                         | 1.2         | (21.8)        |
| <b>Historical cost profit on ordinary activities before taxation</b>                                   | <b>71.9</b> | <b>42.2</b>   |
| <b>Historical cost profit/(loss) for the year after taxation,<br/>minority interests and dividends</b> | <b>11.4</b> | <b>(18.7)</b> |

## Reconciliation of movement in shareholders' funds

For the year ended 31 December 1995

|                                                       | 1995<br>£m     | 1994<br>£m     |
|-------------------------------------------------------|----------------|----------------|
| Profit attributable to ordinary shareholders          | 43.4           | 35.0           |
| Ordinary dividends                                    | (33.2)         | (31.6)         |
|                                                       | 10.2           | 3.4            |
| Other recognised gains and losses for the year        | (51.1)         | 29.8           |
| Ordinary shares issued                                | 0.6            | 13.0           |
| Goodwill                                              | (0.3)          | (3.0)          |
| <b>Net (decrease)/increase in shareholders' funds</b> | <b>(40.6)</b>  | <b>43.2</b>    |
| <b>Shareholders' funds at 1 January 1995</b>          | <b>1,223.0</b> | <b>1,179.8</b> |
| <b>Shareholders' funds at 31 December 1995</b>        | <b>1,182.4</b> | <b>1,223.0</b> |

The notes on pages 46 and 47 and 52 to 64 inclusive form part of these financial statements.

# Balance sheets

As at 31 December 1995

|                                                | Note | Group          |                | Company        |                |
|------------------------------------------------|------|----------------|----------------|----------------|----------------|
|                                                |      | 1995<br>£m     | 1994<br>£m     | 1995<br>£m     | 1994<br>£m     |
| <b>Fixed assets</b>                            |      |                |                |                |                |
| Tangible assets — properties                   | 8    | 1,779.0        | 1,766.4        | —              | —              |
| — other                                        | 9    | 67.2           | 68.8           | —              | —              |
| Investments                                    | 10   | 75.2           | 61.7           | 2,042.1        | 2,179.9        |
|                                                |      | <u>1,921.4</u> | <u>1,896.9</u> | <u>2,042.1</u> | <u>2,179.9</u> |
| <b>Current assets</b>                          |      |                |                |                |                |
| Stocks                                         | 11   | 105.3          | 93.8           | —              | —              |
| Debtors                                        | 11   | 39.4           | 36.2           | 6.2            | 5.9            |
| Trading investments                            | 11   | 26.1           | 24.4           | 0.7            | —              |
| Cash and deposits                              | 11   | 27.2           | 27.3           | —              | —              |
|                                                |      | <u>198.0</u>   | <u>181.7</u>   | <u>6.9</u>     | <u>5.9</u>     |
| Prepayments and accrued income                 |      | 19.0           | 18.6           | 1.6            | 1.6            |
| <b>Total assets</b>                            |      | <u>2,138.4</u> | <u>2,097.2</u> | <u>2,050.6</u> | <u>2,187.4</u> |
| <b>Capital and reserves</b>                    |      |                |                |                |                |
| Called up share capital                        | 12   | 133.0          | 132.9          | 133.0          | 132.9          |
| Share premium account                          | 13   | 317.5          | 317.0          | 317.5          | 317.0          |
| Capital reserves                               | 13   | 567.4          | 624.1          | 627.4          | 675.7          |
| Profit and loss account                        | 13   | 164.5          | 149.0          | 104.5          | 97.4           |
| <b>Shareholders' funds</b>                     |      | <u>1,182.4</u> | <u>1,223.0</u> | <u>1,182.4</u> | <u>1,223.0</u> |
| Minority interests — equity                    |      | 4.8            | 4.3            | —              | —              |
| — non-equity                                   |      | 0.3            | 0.3            | —              | —              |
| Provisions for liabilities and charges         | 15   | 9.8            | 3.8            | 0.2            | 0.2            |
| Creditors falling due within one year          |      |                |                |                |                |
| Borrowings                                     | 16   | 50.3           | 11.5           | 19.4           | —              |
| Other                                          | 17   | 139.4          | 112.9          | 53.1           | 43.6           |
| Creditors falling due after more than one year |      |                |                |                |                |
| Borrowings                                     | 16   | 741.2          | 738.7          | 558.1          | 542.2          |
| Other                                          | 17   | 10.2           | 2.7            | 237.4          | 378.4          |
|                                                |      | <u>2,138.4</u> | <u>2,097.2</u> | <u>2,050.6</u> | <u>2,187.4</u> |
| <b>Shareholders' funds attributable to:</b>    |      |                |                |                |                |
| Equity shareholders — ordinary shares          |      | 1,041.1        | 1,081.7        | 1,041.1        | 1,081.7        |
| Non-equity shareholders — preference shares    |      | 141.3          | 141.3          | 141.3          | 141.3          |
|                                                |      | <u>1,182.4</u> | <u>1,223.0</u> | <u>1,182.4</u> | <u>1,223.0</u> |
| Net assets per share — basic                   | 7    | 267p           | 277p           |                |                |
| Net assets per share — fully diluted           | 7    | 266p           | 276p           |                |                |

Sir Nigel Mobbs

D R Wilson

Directors

The notes on pages 46 and 47 and 52 to 64 inclusive form part of these financial statements.

# Group cash flow statement

For the year ended 31 December 1995

|                                                                                | Note  | £m     | 1995<br>£m | £m     | 1994<br>£m |
|--------------------------------------------------------------------------------|-------|--------|------------|--------|------------|
| Net cash inflow from operating activities                                      | 18(1) |        | 128.5      |        | 121.0      |
| <b>Returns on investments and servicing of finance</b>                         |       |        |            |        |            |
| Interest and dividends received                                                |       | 4.7    |            | 4.0    |            |
| Dividends received from associated undertakings                                |       | 6.0    |            | 4.7    |            |
| Interest paid                                                                  |       | (69.0) |            | (71.9) |            |
| Dividends paid                                                                 |       | (43.3) |            | (43.0) |            |
| Dividends paid to minority shareholders                                        |       | (0.1)  |            | (0.2)  |            |
| <b>Net cash outflow from returns on investments and servicing of finance</b>   |       |        | (101.7)    |        | (106.4)    |
| <b>Taxation</b>                                                                |       |        |            |        |            |
| Corporation tax paid                                                           |       |        | (17.3)     |        | (14.2)     |
| <b>Investing activities</b>                                                    |       |        |            |        |            |
| Purchase and development of investment property                                |       | (46.3) |            | (93.7) |            |
| Purchase of plant and equipment                                                |       | 3.3    |            | (2.8)  |            |
| Purchase of other investments                                                  |       | (11.7) |            | (10.7) |            |
| Purchase of subsidiary undertaking (net of cash and cash equivalents acquired) |       | (0.3)  |            | (2.5)  |            |
| Sales of investment property                                                   |       | 2.2    |            | 18.7   |            |
| Sales of plant and equipment                                                   |       | —      |            | 0.3    |            |
| Sales of other investments                                                     |       | 12.9   |            | 7.0    |            |
| <b>Net cash outflow from investing activities</b>                              |       |        | (39.9)     |        | (83.7)     |
| <b>Net cash outflow before financing</b>                                       |       |        | (30.4)     |        | (83.3)     |
| <b>Financing</b>                                                               |       |        |            |        |            |
| Issue of ordinary share capital                                                |       | 0.6    |            | 0.5    |            |
| Net change in other liquid investments                                         | 18(2) | —      |            | 21.8   |            |
| Net change in borrowings                                                       | 18(3) | 33.4   |            | 44.9   |            |
| Net change in loans to associates and others                                   |       | (8.2)  |            | 0.5    |            |
| <b>Net cash inflow from financing</b>                                          |       |        | 25.8       |        | 67.7       |
| <b>Decrease in cash and cash equivalents</b>                                   | 18(4) |        | (4.6)      |        | (15.6)     |

The notes on pages 46 and 47 and 52 to 64 inclusive form part of these financial statements.

# Notes to the financial statements

## ① Segmental information and operating profit

|                                         | Turnover     |              | Operating profit |              | Profit before tax |             | Net assets     |                |
|-----------------------------------------|--------------|--------------|------------------|--------------|-------------------|-------------|----------------|----------------|
|                                         | 1995         | 1994         | 1995             | 1994         | 1995              | 1994        | 1995           | 1994           |
|                                         | £m           | £m           | £m               | £m           | £m                | £m          | £m             | £m             |
| <b>Business segments:</b>               |              |              |                  |              |                   |             |                |                |
| Property investment                     | 153.8        | 146.1        | 130.0            | 122.5        | 130.8             | 120.9       | 1,791.2        | 1,788.9        |
| Property trading                        | 4.8          | 9.2          | 0.1              | 0.5          | (0.5)             | (0.2)       | 110.2          | 101.1          |
| Utilities                               | 24.8         | 24.1         | 0.8              | 1.6          | 0.8               | 1.6         | 62.1           | 69.2           |
| Other activities                        |              |              | 6.8              | 2.2          | 12.5              | 7.2         | 36.0           | 34.2           |
| Profit on sale of investment properties |              |              |                  |              | 0.7               | 0.7         |                |                |
| Net interest/net borrowings             |              |              |                  |              | (61.2)            | (54.4)      | (764.3)        | (722.9)        |
| Common costs/common net liabilities     |              |              | (12.4)           | (11.8)       | (12.4)            | (11.8)      | (52.8)         | (47.5)         |
|                                         | <u>183.4</u> | <u>179.4</u> | <u>125.3</u>     | <u>115.0</u> | <u>70.7</u>       | <u>64.0</u> | <u>1,182.4</u> | <u>1,223.0</u> |
| <b>Geographical segments:</b>           |              |              |                  |              |                   |             |                |                |
| United Kingdom                          | 134.7        | 128.6        | 92.1             | 90.7         | 98.3              | 93.6        | 1,400.0        | 1,468.4        |
| Canada                                  | 14.0         | 12.3         | 6.9              | 6.5          | 6.9               | 6.3         | 165.8          | 158.1          |
| USA                                     | 16.8         | 15.0         | 13.5             | 6.5          | 13.9              | 6.6         | 207.2          | 182.9          |
| Europe                                  | 10.9         | 8.5          | 7.6              | 6.5          | 7.6               | 6.5         | 121.6          | 89.0           |
| Australia                               | 7.0          | 15.0         | 5.2              | 4.8          | 5.2               | 5.4         | 73.2           | 67.0           |
| Net interest/net borrowings             |              |              |                  |              | (61.2)            | (54.4)      | (764.3)        | (722.9)        |
| Common net liabilities                  |              |              |                  |              |                   |             | (21.1)         | (19.5)         |
|                                         | <u>183.4</u> | <u>179.4</u> | <u>125.3</u>     | <u>115.0</u> | <u>70.7</u>       | <u>64.0</u> | <u>1,182.4</u> | <u>1,223.0</u> |

Turnover comprises: rents 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 pre-sold trading property developments; and the amounts invoiced to utilities customers.

Operating income comprises:

|                                                                                                          | 1995         | 1994         |
|----------------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                          | £m           | £m           |
| a) Property investment: Rents and recharges                                                              |              |              |
| — UK                                                                                                     | 109.4        | 104.5        |
| — Canada                                                                                                 | 13.1         | 12.3         |
| — USA                                                                                                    | 15.8         | 15.0         |
| — Europe                                                                                                 | 8.5          | 7.3          |
| — Australia                                                                                              | 7.0          | 7.0          |
|                                                                                                          | <u>153.8</u> | <u>146.1</u> |
| Ground rents payable                                                                                     | (0.7)        | (0.7)        |
| Other property outgoings                                                                                 | (23.1)       | (22.9)       |
|                                                                                                          | <u>130.0</u> | <u>122.5</u> |
| b) Property trading: Sales                                                                               | 4.8          | 9.2          |
| Cost of sales                                                                                            | (4.7)        | (8.2)        |
|                                                                                                          | <u>0.1</u>   | <u>1.0</u>   |
| Provisions                                                                                               | —            | (0.5)        |
|                                                                                                          | <u>0.1</u>   | <u>0.5</u>   |
| Provisions relate to the write down of trading properties to the lower of cost and net realisable value. |              |              |
| c) Utilities: Sales                                                                                      | 24.8         | 24.1         |
| Cost of sales                                                                                            | (21.2)       | (19.8)       |
| Depreciation                                                                                             | (2.8)        | (2.7)        |
|                                                                                                          | <u>0.8</u>   | <u>1.6</u>   |

|          |                                              |            |            |
|----------|----------------------------------------------|------------|------------|
| <b>2</b> | <b>Other income</b>                          | 1995       | 1994       |
|          |                                              | £m         | £m         |
|          | Net profit/(loss) on trading investments     | 4.8        | (0.7)      |
|          | Dividends received from investments — listed | 0.1        | —          |
|          | — unlisted                                   | 0.5        | —          |
|          | Other                                        | 1.4        | 2.9        |
|          |                                              | <u>6.8</u> | <u>2.2</u> |

|          |                                       |             |             |
|----------|---------------------------------------|-------------|-------------|
| <b>3</b> | <b>Administration expenses</b>        | 1995        | 1994        |
|          |                                       | £m          | £m          |
|          | Directors' remuneration               | 1.3         | 1.2         |
|          | Depreciation of tangible fixed assets | 1.0         | 0.9         |
|          | Auditors' remuneration                | 0.4         | 0.4         |
|          | Other administration costs            | 9.7         | 9.3         |
|          |                                       | <u>12.4</u> | <u>11.8</u> |

Fees paid to the auditors, Coopers & Lybrand, in the United Kingdom during the year in respect of non-audit appointments were £82,399 (1994 £69,023).

|                                     | Property<br>management<br>£m | Utilities<br>£m | Total<br>1995<br>£m | Total<br>1994<br>£m |
|-------------------------------------|------------------------------|-----------------|---------------------|---------------------|
| <b>Employees' staff costs were:</b> |                              |                 |                     |                     |
| Wages and salaries                  | 9.7                          | 4.1             | 13.8                | 12.9                |
| Social security costs               | 0.9                          | 0.3             | 1.2                 | 1.1                 |
| Pension contributions (see note 19) | 1.0                          | 0.4             | 1.4                 | 1.4                 |
|                                     | <u>11.6</u>                  | <u>4.8</u>      | <u>16.4</u>         | <u>15.4</u>         |

The average number of employees of the group was 444 (1994 427) of which 327 (1994 322) were engaged in property development, management and general administration and 117 (1994 105) were engaged in utilities. The average number of employees in the UK amounted to 359 (1994 346).

The aggregate remuneration of the directors of Slough Estates plc for the year ended 31 December 1995 was £1,252,000 (1994 £1,170,000).

Number of directors whose remuneration (excluding pension contributions) was between:

|                     | 1995 | 1994 |                     | 1995 | 1994 |
|---------------------|------|------|---------------------|------|------|
| £300,001 - £305,000 | 1    | —    | £110,001 - £115,000 | —    | 2    |
| £280,001 - £285,000 | —    | 1    | £ 25,001 - £ 30,000 | 1    | 1    |
| £195,001 - £200,000 | 1    | —    | £ 15,001 - £ 20,000 | 5    | 3    |
| £190,001 - £195,000 | 1    | —    | £ 5,001 - £ 10,000  | —    | 1    |
| £180,001 - £185,000 | —    | 1    | £ 0 - £ 5,000       | —    | 1    |
| £175,001 - £180,000 | —    | 1    |                     |      |      |
| £120,001 - £125,000 | 2    | —    |                     |      |      |

Further details of Directors' remuneration and their share options are included on pages 39 to 42 in the Remuneration Committee Report.

| ④ Interest                                                    | 1995<br>£m  | 1994<br>£m  |
|---------------------------------------------------------------|-------------|-------------|
| On loans, bank loans and overdrafts                           |             |             |
| Repayable within 5 years                                      | 36.6        | 33.9        |
| Repayable wholly or partly in more than 5 years               | 41.4        | 35.1        |
|                                                               | <u>78.0</u> | <u>69.0</u> |
| Less interest received                                        | (1.8)       | (2.4)       |
| Less amount charged to: the development of trading properties | (7.7)       | (7.4)       |
| : the development of investment properties                    | (7.3)       | (4.8)       |
|                                                               | <u>61.2</u> | <u>54.4</u> |

| ⑤ Taxation                                               | 1995<br>£m  | 1994<br>£m  |
|----------------------------------------------------------|-------------|-------------|
| Provision for taxation based on profits for the year     |             |             |
| United Kingdom                                           |             |             |
| Corporation tax charge at 33 per cent (1994 33 per cent) | 8.4         | 8.2         |
| Advance corporation tax written off                      | 7.5         | 6.0         |
| Over provision in earlier years                          | (3.2)       | (0.3)       |
| Deferred tax                                             | 0.1         | 0.1         |
|                                                          | <u>12.8</u> | <u>14.0</u> |
| Overseas                                                 |             |             |
| Current tax                                              | 2.4         | 2.7         |
| Deferred tax                                             | 0.3         | 0.1         |
|                                                          | <u>15.5</u> | <u>16.8</u> |

The tax charge has been reduced by losses brought forward and allowances for capital expenditure.

| ⑥ Dividends                                                 | 1995<br>£m  | 1994<br>£m  |
|-------------------------------------------------------------|-------------|-------------|
| Preference dividends                                        |             |             |
| Dividend paid to 1 September                                | 7.8         | 7.8         |
| Dividend accrued for period from 2 September to 31 December | 3.9         | 3.9         |
|                                                             | <u>11.7</u> | <u>11.7</u> |
| Ordinary dividends                                          |             |             |
| Interim dividend at 3.1p per share (1994 3.1p)              | 12.1        | 12.1        |
| Proposed final dividend at 5.4p per share (1994 5.0p)       | 21.1        | 19.5        |
|                                                             | <u>33.2</u> | <u>31.6</u> |

⑦ Earnings, capital surplus and net assets per ordinary share

|                                                                                                    |          |  | 1995    | Basic<br>1994 | Fully diluted<br>1995 | Fully diluted<br>1994 |
|----------------------------------------------------------------------------------------------------|----------|--|---------|---------------|-----------------------|-----------------------|
| The earnings, capital surplus and net assets per ordinary share have been calculated as follows:   |          |  |         |               |                       |                       |
| Profit attributable to ordinary shareholders (a)                                                   | £m       |  | 43.4    | 35.0          | 55.5                  | 47.2                  |
| Profit attributable to ordinary shareholders excluding profit on sale of investment properties (b) | £m       |  | 42.7    | 34.4          | 54.8                  | 46.6                  |
| Capital (deficit)/surplus (c)                                                                      | £m       |  | (51.1)  | 29.8          | (51.1)                | 29.8                  |
| Average of shares in issue during the year (d)                                                     | shares m |  | 390.4   | 386.6         | 447.0                 | 443.0                 |
| Earnings per share (a) ÷ (d)                                                                       | pence    |  | 11.1    | 9.1           | 12.4                  | 10.7                  |
| Earnings per share excluding profit on sale of investment properties (b) ÷ (d)                     | pence    |  | 10.9    | 8.9           | 12.3                  | 10.5                  |
| Capital (deficit)/surplus per share (c) ÷ (d)                                                      | pence    |  | (13.1)  | 7.7           | (11.4)                | 6.7                   |
| Equity attributable to ordinary shareholders (e)                                                   | £m       |  | 1,041.1 | 1,081.7       | 1,190.2               | 1,230.5               |
| Shares in issue at the end of the year (f)                                                         | shares m |  | 390.6   | 390.3         | 447.2                 | 446.7                 |
| Net assets per share (e) ÷ (f)                                                                     | pence    |  | 267     | 277           | 266                   | 276                   |

The earnings per share and fully diluted earnings per share excluding profits and losses (net of tax and minority) on the sale of investment properties have been calculated in addition to the disclosure required by FR53, since in the opinion of the directors this gives shareholders a more meaningful measure of performance.

⑧ Tangible assets — investment properties

|                                     | UK<br>£m | Canada<br>£m | USA<br>£m | Europe<br>£m | Australia<br>£m | Total<br>£m |
|-------------------------------------|----------|--------------|-----------|--------------|-----------------|-------------|
| At 1 January 1995                   | 1,390.4  | 149.2        | 86.6      | 74.4         | 65.8            | 1,766.4     |
| Exchange movement                   | —        | 4.9          | 0.5       | 7.0          | (2.2)           | 10.2        |
| Additions                           | 26.5     | 3.8          | 5.5       | 24.8         | 0.1             | 60.7        |
| Disposals                           | (2.1)    | —            | —         | —            | —               | (2.1)       |
| (Deficit)/surplus on valuation      | (66.2)   | 1.1          | 1.7       | (1.2)        | 8.4             | (56.2)      |
| At 31 December 1995                 | 1,348.6  | 159.0        | 94.3      | 105.0        | 72.1            | 1,779.0     |
| Completed properties                | 1,269.3  | 136.8        | 87.6      | 99.1         | 68.6            | 1,661.4     |
| Properties for or under development | 79.3     | 22.2         | 6.7       | 5.9          | 3.5             | 117.6       |
|                                     | 1,348.6  | 159.0        | 94.3      | 105.0        | 72.1            | 1,779.0     |
|                                     |          |              |           |              | 1995<br>£m      | 1994<br>£m  |
| Properties held at valuation : cost |          |              |           |              | 1,314.0         | 1,275.2     |
| : valuation surplus                 |          |              |           |              | 425.5           | 480.4       |
|                                     |          |              |           |              | 1,739.5         | 1,755.6     |
| Properties held at cost             |          |              |           |              | 39.5            | 10.8        |
|                                     |          |              |           |              | 1,779.0         | 1,766.4     |

The above assets include long term leaseholds valued at £139.2 million (1994 £141.0 million).

Completed investment properties and land held for development were externally valued as at 31 December 1995, in accordance with the accounting policies, by Richard Ellis and Hillier Parker in the United Kingdom, in Australia by JMW Advisory Services Pty Limited, in the USA by Richard Ellis Inc., in Canada by Drivers Jonas (Canada) Ltd., in Belgium by King & Co. s.a. and in France by Bourdais Expertises.

| 9 | Tangible assets — other | Cost<br>£m | Depreciation<br>£m | Net<br>£m |
|---|-------------------------|------------|--------------------|-----------|
|   | At 1 January 1995       | 95.7       | (26.9)             | 68.8      |
|   | Exchange movement       | 0.1        | (0.1)              | —         |
|   | Additions               | 2.3        | (3.8)              | (1.5)     |
|   | Disposals               | (0.5)      | 0.4                | (0.1)     |
|   | At 31 December 1995     | 97.6       | (30.4)             | 67.2      |

The net book value includes utilities plant and equipment amounting to £65.1 million (1994 £66.0 million).

10

Investments

| Group                                        | Associates  |       | Total | Total |
|----------------------------------------------|-------------|-------|-------|-------|
|                                              | Investments | Loans | 1995  | 1994  |
|                                              | £m          | £m    | £m    | £m    |
| Cost or valuation at 1 January 1995          | 56.2        | 5.5   | 61.7  | 66.6  |
| Exchange movement                            | 0.2         | —     | 0.2   | (1.5) |
| Net additions                                | 13.3        | 9.2   | 22.5  | 7.7   |
| Return of capital                            | (5.0)       | —     | (5.0) | (5.6) |
| Reduction on associate becoming a subsidiary | —           | —     | —     | (5.6) |
| Dividends received                           | (6.0)       | —     | (6.0) | (4.7) |
| Valuation (deficit)/surplus                  | (4.1)       | —     | (4.1) | 2.1   |
| Share of profits                             | 5.9         | —     | 5.9   | 2.7   |
| Cost or valuation at 31 December 1995        | 60.5        | 14.7  | 75.2  | 61.7  |
| Analysed as follows:                         |             |       |       |       |
| Cost less amounts written off                | 59.8        | 14.7  | 74.5  | 55.7  |
| Valuation (deficit)/surplus                  | (3.5)       | —     | (3.5) | 0.7   |
| Share of profits                             | 4.2         | —     | 4.2   | 5.3   |
|                                              | 60.5        | 14.7  | 75.2  | 61.7  |

| Company                               | Associates |         | Subsidiaries |    | Total   |
|---------------------------------------|------------|---------|--------------|----|---------|
|                                       |            | Shares  | Loans        |    | 1995    |
|                                       | £m         | £m      | £m           | £m | £m      |
| Cost or valuation at 1 January 1995   | 15.5       | 694.0   | 1,470.4      |    | 2,179.9 |
| Additions                             | —          | 808.2   | (837.3)      |    | (29.1)  |
| Disposals                             | —          | (0.3)   | —            |    | (0.3)   |
| Valuation deficit                     | —          | (108.4) | —            |    | (108.4) |
| Cost or valuation at 31 December 1995 | 15.5       | 1,393.5 | 633.1        |    | 2,042.1 |

Company investments comprise investments at cost less amounts written off of £1,492.0 million (1994 £1,524.6 million) and valuation surplus of £550.1 million (1994 £655.3 million).

The principal undertakings at 31 December 1995 are listed below.

| Property                                          | Country of<br>incorporation | Subsidiaries<br>% holding       | Associates<br>% holding |
|---------------------------------------------------|-----------------------------|---------------------------------|-------------------------|
| *Slough Properties Limited                        | England                     | 100                             |                         |
| *Slough Trading Estate Limited                    | England                     | 100                             |                         |
| *Allnatt London Properties PLC                    | England                     | 100                             |                         |
| Beta Properties Limited                           | England                     | 100                             |                         |
| Guildhall Property Company PLC (ordinary shares)  | England                     | 100                             |                         |
| *Bredero Properties Plc                           | England                     | Ordinary 96.1<br>Preference 100 |                         |
| The Lewisham Investment Partnership               | England                     | 100                             |                         |
| Howard Centre Properties Limited                  | England                     | 100                             |                         |
| Slough Investments Limited (Operating in Germany) | England                     | 100                             |                         |
| *Shopping Centres Limited                         | England                     |                                 | 50                      |
| Pentagon Developments (Chatham) Limited           | England                     | 100                             |                         |

# Investments continued

| Property                               | Country of incorporation | Subsidiaries % holding | Associates % holding |
|----------------------------------------|--------------------------|------------------------|----------------------|
| Slough Estates Canada Limited          | Canada                   | 99.9                   |                      |
| Slough Parks Incorporated              | USA                      | 100                    |                      |
| SDK Incorporated                       | USA                      | 80                     |                      |
| 33 West Monroe Associates              | USA                      |                        | 25                   |
| Quail West, Ltd.                       | USA                      |                        | 40                   |
| Slough Estates Australia Pty Limited   | Australia                | 100                    |                      |
| Slough Management N.V.                 | Belgium                  | 100                    |                      |
| Slough Properties N.V.                 | Belgium                  | 100                    |                      |
| Slough Developments (France) SA        | France                   | 100                    |                      |
| <b>Service</b>                         |                          |                        |                      |
| *Slough Estates Administration Limited | England                  | 100                    |                      |
| *Slough Estates Finance plc            | England                  | 100                    |                      |
| <b>Other</b>                           |                          |                        |                      |
| Slough Heat & Power Limited            | England                  | 100                    |                      |
| Charterhouse Group International Inc   | USA                      |                        | 20                   |

\*Held directly by Slough Estates plc

Unless otherwise indicated the principal country of operation is the same as the country of incorporation.

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

| (11) Current assets                                                                                                                                   | Group      |            | Company    |            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|
|                                                                                                                                                       | 1995<br>£m | 1994<br>£m | 1995<br>£m | 1994<br>£m |
| <b>Stocks</b>                                                                                                                                         |            |            |            |            |
| Trading properties — completed properties                                                                                                             | 115.9      | 104.9      |            |            |
| — properties under development                                                                                                                        | 15.4       | 16.3       |            |            |
| — less provisions                                                                                                                                     | (28.6)     | (29.9)     |            |            |
|                                                                                                                                                       | 102.7      | 91.3       |            |            |
| Utilities stocks                                                                                                                                      | 2.6        | 2.5        |            |            |
|                                                                                                                                                       | 105.3      | 93.8       |            |            |
| Net rental income earned on trading properties is deducted from cost of development. Net rental income for 1995 was £4.2 million (1994 £4.5 million). |            |            |            |            |
| <b>Debtors (receivable in less than one year)</b>                                                                                                     |            |            |            |            |
| Trade debtors                                                                                                                                         | 21.7       | 21.9       | —          | —          |
| Other debtors                                                                                                                                         | 7.9        | 5.3        | —          | —          |
| ACT recoverable                                                                                                                                       | 6.2        | 5.9        | 6.2        | 5.9        |
| Taxation                                                                                                                                              | 0.9        | 0.2        | —          | —          |
|                                                                                                                                                       | 36.7       | 33.3       | 6.2        | 5.9        |
| <b>Debtors (receivable in more than one year)</b>                                                                                                     |            |            |            |            |
| Other debtors                                                                                                                                         | 2.7        | 2.9        | —          | —          |
|                                                                                                                                                       | 39.4       | 36.2       | 6.2        | 5.9        |
| <b>Trading investments</b>                                                                                                                            |            |            |            |            |
| Shares — listed (market value £3.2 million)                                                                                                           | 2.7        | 3.1        | 0.7        | —          |
| — unlisted                                                                                                                                            | 23.4       | 21.3       | —          | —          |
|                                                                                                                                                       | 26.1       | 24.4       | 0.7        | —          |
| <b>Cash and deposits</b>                                                                                                                              |            |            |            |            |
| Tax reserve certificates                                                                                                                              | 0.4        | 0.4        |            |            |
| Cash and short term deposits                                                                                                                          | 26.8       | 26.9       |            |            |
|                                                                                                                                                       | 27.2       | 27.3       |            |            |

| (12) Share capital                                              | Authorised |       | Issued and fully paid |      |
|-----------------------------------------------------------------|------------|-------|-----------------------|------|
|                                                                 | Shares m   | £m    | Shares m              | £m   |
| Ordinary shares of 25p each                                     |            |       |                       |      |
| At 1 January 1995                                               | 586.4      | 146.6 | 390.3                 | 97.6 |
| Shares issued during the year                                   | —          | —     | 0.3                   | 0.1  |
| At 31 December 1995                                             | 586.4      | 146.6 | 390.6                 | 97.7 |
| Cumulative redeemable convertible preference shares of 25p each |            |       |                       |      |
| At 1 January 1995 and 31 December 1995                          | 141.6      | 35.4  | 141.3                 | 35.3 |

**Cumulative redeemable convertible preference shares** The preference shares were issued on 6 June 1991 at a price of 100p per share. They carry the right to a fixed cumulative preferential dividend of 8.25p (net) per share per annum payable half yearly in arrears in equal amounts on 1 March and 1 September in each year. The company may redeem some or all of the preference shares at any time between 1 March 2006 and 31 August 2011. All preference shares not converted or redeemed on or prior to 31 August 2011 will be redeemed by the company on 1 September 2011 at a price of 100p per share.

The preference shares will ordinarily be convertible at the option of the holder in each of the years 1996 to 2011 (inclusive) during the period of 28 days prior to the record date for any final dividend on the ordinary shares, on the basis of 37.0793 ordinary shares for every 100 preference shares. Full conversion of the preference shares would give rise to the issue of 52,382,061 ordinary shares.

The preference shares carry no right to attend or vote at General Meetings except in certain very limited circumstances.

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

**Profit sharing scheme** 158,263 ordinary shares were subscribed in cash at a price of 212.5p per share and were issued to the trustees and allocated at that price to eligible employees under the profit sharing scheme.

**Share option schemes** 118,005 ordinary shares were subscribed in cash following the exercise of employees' options under the share option schemes. The consideration received by the company was £186,337.

**Conversions** During the year 2,490 ordinary shares were issued, credited as fully paid following the conversion of, and in satisfaction of, 6,716 8.25p cumulative redeemable convertible preference shares.

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

**Savings related scheme** 84,849 and 35,718 ordinary shares at subscription prices of 182.96p and 178.96p per share respectively.

**Executive share option scheme** 456,055 ordinary shares at a subscription price of 217.83p.

**Profit sharing scheme** Sir Nigel Mobbs, Sir Gordon Jewkes and Messrs. Carey and Wilson are trustees of the Slough Estates plc profit sharing scheme which was approved by the shareholders on 21 May 1980.

At 27 March 1996 the number of shares held under the scheme was 667,288 ordinary shares. The interests stated in the 667,288 ordinary shares shown in the table on page 42 represent all of the 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. Carey and Wilson and which are included in their beneficial holdings in the table also shown on page 42.

**Executive share option schemes** 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 of the option, adjusted where appropriate for subsequent capitalisation and rights issues. At 27 March 1996 the number of ordinary shares under option was 1,663,527 at option prices ranging from 96.928p to 355.430p expiring on various dates up to 20 April 2000.

Under the 1994 Slough Estates plc Approved Executive Share Option Scheme approved by the shareholders on 18 May 1994, certain executives have options to subscribe for unissued ordinary shares. Options are generally exercisable after three and before ten years from the date of the grant of the option. At 27 March 1996 the number of ordinary shares under option was 468,489 at option prices ranging from 217.830p to 233.833p expiring on 3 April 2005.

Under the 1994 Slough Estates plc Executive Share Option Scheme (No. 2) approved by the shareholders on 18 May 1994, certain executives have options to subscribe for unissued ordinary shares. Options are generally exercisable after three and before ten years from the date of the grant of the option. At 27 March 1996 the number of ordinary shares under option was 355,503 at option prices ranging from 217.830p to 233.833p expiring on 3 April 2005.

**1981 savings related share option scheme** Under the option scheme approved by the shareholders on 20 May 1981, as amended, 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 27 March 1996 the number of ordinary shares under option was 1,683,302 at option prices ranging from 78.653p to 215.55p expiring on various dates up to 23 August 2002.

| <b>Reserves</b>                                               |                                   |                                        |                                      |                             |                |
|---------------------------------------------------------------|-----------------------------------|----------------------------------------|--------------------------------------|-----------------------------|----------------|
|                                                               | Share<br>premium<br>account<br>£m | Capital<br>reserve<br>unrealised<br>£m | Capital<br>reserve<br>realised<br>£m | Profit<br>and<br>loss<br>£m | Total<br>£m    |
| <b>Group</b>                                                  |                                   |                                        |                                      |                             |                |
| Balance at 1 January 1995                                     | 317.0                             | 466.5                                  | 157.6                                | 149.0                       | 1,090.1        |
| Realisation of revaluation gains and losses of previous years | —                                 | (1.2)                                  | 1.2                                  | —                           | —              |
| Other recognised gains and losses (see page 49)               | —                                 | (56.3)                                 | (0.8)                                | 6.0                         | (51.1)         |
| Retained profit for year                                      | —                                 | —                                      | —                                    | 10.2                        | 10.2           |
| Shares issued                                                 | 0.5                               | —                                      | —                                    | —                           | 0.5            |
| Goodwill adjustment                                           | —                                 | —                                      | (0.3)                                | —                           | (0.3)          |
| Reserve transfer                                              | —                                 | 11.5                                   | (10.8)                               | (0.7)                       | —              |
| <b>Balance at 31 December 1995</b>                            | <b>317.5</b>                      | <b>420.5</b>                           | <b>146.9</b>                         | <b>164.5</b>                | <b>1,049.4</b> |
| Available for distribution                                    |                                   |                                        | 146.9                                | 164.5                       | 311.4          |

|                                               | 1995<br>£m  | 1994<br>£m |
|-----------------------------------------------|-------------|------------|
| <b>Retained profit/(deficit) for the year</b> |             |            |
| Holding company                               | 67.5        | 14.0       |
| Subsidiaries                                  | (57.4)      | (10.6)     |
| Associates                                    | 0.1         | —          |
|                                               | <b>10.2</b> | <b>3.4</b> |

|                                                               | Share<br>premium<br>account<br>£m | Capital<br>reserve<br>unrealised<br>£m | Capital<br>reserve<br>realised<br>£m | Profit<br>and<br>loss<br>£m | Total<br>£m    |
|---------------------------------------------------------------|-----------------------------------|----------------------------------------|--------------------------------------|-----------------------------|----------------|
| <b>Company</b>                                                |                                   |                                        |                                      |                             |                |
| Balance at 1 January 1995                                     | 317.0                             | 655.3                                  | 20.4                                 | 97.4                        | 1,090.1        |
| Realisation of revaluation gains and losses of previous years | —                                 | 3.2                                    | (3.2)                                | —                           | —              |
| Retained profit for year                                      | —                                 | —                                      | —                                    | 67.5                        | 67.5           |
| Valuation deficit                                             | —                                 | (108.4)                                | —                                    | —                           | (108.4)        |
| Shares issued                                                 | 0.5                               | —                                      | —                                    | —                           | 0.5            |
| Other                                                         | —                                 | (0.8)                                  | 0.5                                  | —                           | (0.3)          |
| Reserve transfer                                              | —                                 | —                                      | 60.4                                 | (60.4)                      | —              |
| <b>Balance at 31 December 1995</b>                            | <b>317.5</b>                      | <b>549.3</b>                           | <b>78.1</b>                          | <b>104.5</b>                | <b>1,049.4</b> |
| Available for distribution                                    |                                   |                                        | 78.1                                 | 104.5                       | 182.6          |

No provision has been made for taxes that may become payable should overseas profits be remitted.

As permitted by the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in these financial statements. The profit for the year attributable to ordinary shareholders of the parent company is £100.7 million (1994 £45.6 million).

**(14) Commitments****a) Capital expenditure commitments**

|                  | Commitments | 1995<br>Authorised<br>but not<br>contracted | Commitments | 1994<br>Authorised<br>but not<br>contracted |
|------------------|-------------|---------------------------------------------|-------------|---------------------------------------------|
|                  | £m          | £m                                          | £m          | £m                                          |
| Property — UK    | 76.8        | 3.3                                         | 4.8         | 0.8                                         |
| — Overseas       | 21.1        | 0.3                                         | 0.1         | 1.1                                         |
| Utilities        | 0.1         | 0.8                                         | 1.6         | 1.1                                         |
| Other activities | 1.9         | 13.4                                        | —           | 17.5                                        |
|                  | <u>99.9</u> | <u>17.8</u>                                 | <u>6.5</u>  | <u>20.5</u>                                 |

**b) Operating leases**

At 31 December 1995 the group had annual commitments in respect of operating leases, relating to land and buildings, expiring after five years amounting to £1.7 million (1994 £1.7 million).

**(15) Provisions for liabilities and charges**

|                                    | Future and<br>deferred<br>tax<br>£m | Other<br>liabilities<br>£m | Total<br>£m |
|------------------------------------|-------------------------------------|----------------------------|-------------|
| <b>Group</b>                       |                                     |                            |             |
| Balance at 1 January 1995          | 1.4                                 | 2.4                        | 3.8         |
| Exchange movement                  | 0.1                                 | —                          | 0.1         |
| Charged to profit and loss account | 0.4                                 | —                          | 0.4         |
| Paid                               | —                                   | (2.6)                      | (2.6)       |
| Other                              | (0.1)                               | 8.2                        | 8.1         |
| <b>Balance at 31 December 1995</b> | <u>1.8</u>                          | <u>8.0</u>                 | <u>9.8</u>  |
| <b>Company</b>                     |                                     |                            |             |
| Balance at 1 January 1995          | 0.2                                 | —                          | 0.2         |
| Charged to profit and loss account | 0.1                                 | —                          | 0.1         |
| Other                              | (0.1)                               | —                          | (0.1)       |
| <b>Balance at 31 December 1995</b> | <u>0.2</u>                          | <u>—</u>                   | <u>0.2</u>  |

Deferred tax relates to timing differences on trading properties and is provided at 33 per cent (1994 33 per cent) in respect of UK timing differences and at local rates in respect of overseas timing differences.

No provision has been made for taxation estimated at £39.0 million (1994 £48.0 million), net of advance corporation tax of £26.0 million (1994 £18.0 million), which might become payable if the group's properties were sold at their book value.

| 16 Borrowings                                                                | Group        |              | Company      |              |
|------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                                              | 1995<br>£m   | 1994<br>£m   | 1995<br>£m   | 1994<br>£m   |
| Borrowings falling due after one year                                        |              |              |              |              |
| Payable in more than five years:                                             |              |              |              |              |
| Secured:                                                                     |              |              |              |              |
| 11.25% first mortgage debenture 2019                                         | 40.0         | 40.0         | 40.0         | 40.0         |
| 9.25% first mortgage debenture 2001                                          | 3.0          | 3.0          | —            | —            |
| Currency first mortgages on overseas properties:                             |              |              |              |              |
| Canadian dollars from 10.25% to 12% to 2011                                  | 22.1         | 21.7         | —            | —            |
| French francs 7.23% 2003                                                     | 5.6          | 5.6          | —            | —            |
| Unsecured:                                                                   |              |              |              |              |
| 10% bonds 2007                                                               | 50.0         | 50.0         | 50.0         | 50.0         |
| 12.375% loan stock 2009                                                      | 31.9         | 31.9         | 31.9         | 31.9         |
| 11.625% bonds 2012                                                           | 100.0        | 100.0        | 100.0        | 100.0        |
| 10% bonds 2017                                                               | 97.8         | —            | 97.8         | —            |
| Medium term loans 2001/2002                                                  | 64.1         | 35.5         | 50.0         | 20.5         |
| 8.09% US dollars Notes 2004                                                  | 58.3         | 57.4         | —            | —            |
| 9.27% Canadian dollars Notes 2010                                            | 11.8         | —            | —            | —            |
|                                                                              | <u>484.6</u> | <u>345.1</u> | <u>369.7</u> | <u>242.4</u> |
| Less instalments due in less than five years                                 | (37.2)       | (24.4)       | —            | —            |
|                                                                              | <u>447.4</u> | <u>320.7</u> | <u>369.7</u> | <u>242.4</u> |
| Payable by instalments in more than five years                               | 62.9         | 75.3         | —            | —            |
| Payable on final maturity date                                               | 384.5        | 245.4        | 369.7        | 242.4        |
|                                                                              | <u>447.4</u> | <u>320.7</u> | <u>369.7</u> | <u>242.4</u> |
| Wholly repayable between three and five years:                               |              |              |              |              |
| Secured:                                                                     |              |              |              |              |
| 10.5% first mortgage debenture                                               | —            | 3.0          | —            | —            |
| Canadian dollars 10.5% first mortgage                                        | 1.2          | 9.1          | —            | —            |
| Unsecured:                                                                   |              |              |              |              |
| Medium term bank loans 1998/2000                                             | 124.0        | 184.0        | 121.2        | 149.4        |
| 8.32% Canadian dollars Notes 2000                                            | 11.8         | —            | —            | —            |
| Bank loans and overdrafts scheduled for renewal between three and five years | 89.5         | 165.6        | 67.2         | 131.2        |
|                                                                              | <u>226.5</u> | <u>361.7</u> | <u>188.4</u> | <u>280.6</u> |
| Instalments due on longer dated borrowings                                   | 31.2         | 19.9         | —            | —            |
| Less instalments due in less than three years                                | (0.3)        | (2.2)        | —            | —            |
|                                                                              | <u>257.4</u> | <u>379.4</u> | <u>188.4</u> | <u>280.6</u> |
| Repayable between one and two years:                                         |              |              |              |              |
| Secured:                                                                     |              |              |              |              |
| Canadian dollar mortgages 10.5%                                              | 8.0          | —            | —            | —            |
| US dollars 7.5%                                                              | —            | 3.0          | —            | —            |
| Unsecured:                                                                   |              |              |              |              |
| Unsecured loans                                                              | 1.4          | 19.2         | —            | 19.2         |
| Bank loans and overdrafts scheduled for renewal in one to two years          | 23.8         | 12.1         | —            | —            |
|                                                                              | <u>33.2</u>  | <u>34.3</u>  | <u>—</u>     | <u>19.2</u>  |
| Instalments due on longer dated borrowings                                   | 3.3          | 4.4          | —            | —            |
| Less instalments due within one year                                         | (0.1)        | (0.1)        | —            | —            |
|                                                                              | <u>36.4</u>  | <u>38.6</u>  | <u>—</u>     | <u>19.2</u>  |
| Total repayable in more than one year                                        | <u>741.2</u> | <u>738.7</u> | <u>558.1</u> | <u>542.2</u> |

**Borrowings continued**

|                                                      | Group        |              | Company      |              |
|------------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                      | 1995         | 1994         | 1995         | 1994         |
|                                                      | £m           | £m           | £m           | £m           |
| <b>Borrowings falling due within one year</b>        |              |              |              |              |
| Secured:                                             |              |              |              |              |
| 7.5% first mortgage debenture 1990/95                | —            | 2.5          |              |              |
| Variable rate Australian dollar mortgage             | —            | 2.2          |              |              |
| Canadian dollar mortgages 11.5%                      | —            | 1.0          |              |              |
| US dollars 7.5%                                      | 2.9          | —            |              |              |
| Unsecured:                                           |              |              |              |              |
| Unsecured loans                                      | 38.2         | —            | 19.4         | —            |
| Bank loans and overdrafts                            | 6.1          | 3.4          |              |              |
|                                                      | <u>47.2</u>  | <u>9.1</u>   | <u>19.4</u>  | <u>—</u>     |
| Instalments due on longer dated borrowings           | 3.1          | 2.4          |              |              |
|                                                      | <u>50.3</u>  | <u>11.5</u>  | <u>19.4</u>  | <u>—</u>     |
| <b>Total repayable within one year</b>               |              |              |              |              |
|                                                      | <u>50.3</u>  | <u>11.5</u>  | <u>19.4</u>  | <u>—</u>     |
| <b>Borrowings analysis</b>                           |              |              |              |              |
| <b>By currency</b>                                   |              |              |              |              |
| Sterling                                             | 388.4        | 381.0        | 369.7        | 355.8        |
| Australian dollars                                   | 37.3         | 41.8         | 19.1         | 7.4          |
| US dollars                                           | 194.3        | 178.9        | 136.6        | 124.4        |
| Canadian dollars                                     | 130.6        | 122.7        | 21.2         | 35.6         |
| European currencies                                  | 40.9         | 25.8         | 30.9         | 19.0         |
|                                                      | <u>791.5</u> | <u>750.2</u> | <u>577.5</u> | <u>542.2</u> |
| <b>By maturity</b>                                   |              |              |              |              |
| In under one year                                    | 50.3         | 11.5         | 19.4         | —            |
| First to second year                                 | 36.4         | 38.6         | —            | 19.2         |
| Third to fifth year                                  | 257.4        | 379.4        | 188.4        | 280.6        |
| Sixth to tenth year                                  | 100.1        | 82.6         | 50.0         | 20.5         |
| Over ten years                                       | 347.3        | 238.1        | 319.7        | 221.9        |
|                                                      | <u>791.5</u> | <u>750.2</u> | <u>577.5</u> | <u>542.2</u> |
| <b>By security</b>                                   |              |              |              |              |
| Secured                                              | 82.8         | 91.0         | 40.0         | 40.0         |
| Unsecured                                            | 708.7        | 659.2        | 537.5        | 502.2        |
|                                                      | <u>791.5</u> | <u>750.2</u> | <u>577.5</u> | <u>542.2</u> |
| <b>By interest rate mix</b>                          |              |              |              |              |
| Fixed interest rates (including interest rate swaps) | 575.5        | 608.2        | 426.1        | 442.7        |
| Variable interest rates                              | 216.0        | 142.0        | 151.4        | 99.5         |
|                                                      | <u>791.5</u> | <u>750.2</u> | <u>577.5</u> | <u>542.2</u> |

| (17) Creditors — other                         | Group        |              | Company      |              |
|------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                | 1995<br>£m   | 1994<br>£m   | 1995<br>£m   | 1994<br>£m   |
| Creditors falling due within one year          |              |              |              |              |
| Rents in advance                               | 25.6         | 25.0         | —            | —            |
| Trade creditors                                | 73.8         | 48.6         | 14.7         | 7.6          |
| Taxation                                       | 15.0         | 15.9         | 13.4         | 12.6         |
| Proposed final dividend                        | 21.1         | 19.5         | 21.1         | 19.5         |
| Preference dividend accrued                    | 3.9          | 3.9          | 3.9          | 3.9          |
|                                                | <u>139.4</u> | <u>112.9</u> | <u>53.1</u>  | <u>43.6</u>  |
| Creditors falling due after more than one year |              |              |              |              |
| Loans from subsidiaries                        | —            | —            | 237.4        | 378.4        |
| Other creditors                                | 10.2         | 2.7          | —            | —            |
|                                                | <u>10.2</u>  | <u>2.7</u>   | <u>237.4</u> | <u>378.4</u> |

| (18) Notes to group cash flow statement                                             | 1995<br>£m   | 1994<br>£m   |
|-------------------------------------------------------------------------------------|--------------|--------------|
| (1) Reconciliation of operating profit to net cash inflow from operating activities |              |              |
| Operating profit                                                                    | 125.3        | 115.0        |
| Less: Other income reallocated                                                      | (6.8)        | (1.9)        |
| Add back: Trading property provisions                                               | —            | 0.5          |
| : Depreciation                                                                      | 3.8          | 3.6          |
| Net rental income from trading properties                                           | 4.2          | 4.5          |
|                                                                                     | <u>126.5</u> | <u>121.7</u> |
| Other movements arising from operations:                                            |              |              |
| (Increase)/decrease in stocks                                                       | (6.8)        | 0.2          |
| Decrease/(increase) in debtors                                                      | 2.1          | (0.4)        |
| Increase/(decrease) in creditors                                                    | 6.7          | (0.5)        |
| Net cash inflow from operating activities                                           | <u>128.5</u> | <u>121.0</u> |

- (2) Other liquid investments  
Other liquid investments represent cash on deposit for periods of more than three months.

| (3) Analysis of net change in borrowings | Borrowings<br>£m |
|------------------------------------------|------------------|
| Balance at 1 January 1995                | 750.2            |
| Less cash equivalents 1 January 1995     | (3.3)            |
| Exchange                                 | 5.1              |
| Net cash flow from financing             | <u>33.4</u>      |
| Balance at 31 December 1995              | 791.5            |
| Less cash equivalents 31 December 1995   | (6.1)            |

| (4) Analysis of changes in cash and cash equivalents | Cash and short term deposits<br>£m | Bank loans and overdrafts<br>£m | Total<br>£m  |
|------------------------------------------------------|------------------------------------|---------------------------------|--------------|
| Balance at 1 January 1995                            | 27.3                               | (3.3)                           | 24.0         |
| Exchange movement                                    | 1.8                                | (0.1)                           | 1.7          |
| Net cash outflow                                     | (1.9)                              | (2.7)                           | (4.6)        |
| Balance at 31 December 1995                          | <u>27.2</u>                        | <u>(6.1)</u>                    | <u>21.1</u>  |
| Net decrease in cash and cash equivalents            | <u>(1.9)</u>                       | <u>(2.7)</u>                    | <u>(4.6)</u> |

**19 Pensions**

The group operates a number of pension schemes throughout the world. Total pension costs for the group were £1.4 million (1994 £1.4 million) of which £0.3 million (1994 £0.1 million) related to overseas schemes. Pension costs relating to overseas schemes have been determined in accordance with local best practice.

The UK scheme is of the defined benefit type. Contributions to the scheme, which are assessed in accordance with the advice of an independent qualified actuary on the basis of triennial valuations using the projected unit method of valuation, 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 valuation as at 1 April 1995 assumed investment returns 1.5 per cent per annum higher than the rate of annual salary increase and 5 per cent per annum higher than the rate of increase of present and future pensions.

At the date of the latest valuation, the market value of the assets of the UK scheme was £19.6 million and the actuarial value of those assets represented 108 per cent of the benefits that had accrued to members, after allowing for expected future increases in earnings. The surplus is being spread over the service lives of employees in the scheme.

Supplementary ex-gratia pensions of approximately £0.2 million (1994 £0.2 million) were paid out of profits.

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**20 Contingent liabilities**

The company has guaranteed loans and bank overdrafts of subsidiary companies aggregating £135.6 million (1994 £104.6 million). All loans and overdrafts so guaranteed are included in the consolidated balance sheet. Additionally, loans and bank overdrafts of associated companies aggregating £33.4 million (1994 £35.2 million) which are not included in the consolidated balance sheet have been guaranteed by the company.

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# Group Information

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## United Kingdom

### HEAD OFFICE AND REGISTERED OFFICE

Slough Estates plc  
234 Bath Road  
Slough SL1 4EE  
England

Telephone Slough (01753) 537171  
Fax (01753) 820585

## Canada

Slough Estates Canada Limited  
40 King Street West  
Suite 4803, PO Box 303  
Toronto, Ontario M5H 3Y2  
Canada  
Telephone (1) (416) 360 5950  
Fax (1) (416) 360 7082

## USA

Slough Parks Incorporated  
33 West Monroe Street  
Suite 2610, Chicago  
Illinois 60603-2409, USA  
Telephone (1) (312) 558 9100  
Fax (1) (312) 558 9041

## Australia

Slough Estates Australia Pty Limited  
Level 12, 50 Bridge Street  
Sydney, NSW 2000, Australia  
Telephone (61) (2) 233 8733  
Fax (61) (2) 221 6785

## Belgium

Slough Properties NV  
De Kleetlaan 4, bus 8  
1831 Diegem, Belgium  
Telephone (32) (2) (714) (0600)  
Fax (32) (2) (714) (0619)

## France

Slough Developments (France) SA  
8 Rue Jean - Goujon  
75008 Paris, France  
Telephone (33) (1) 40 74 79 40  
Fax (33) (1) 40 74 79 61

## Germany

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

# Shareholders' Information

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## Financial Calendar 1996

### MARCH

|                                                                                             |          |
|---------------------------------------------------------------------------------------------|----------|
| Payment of dividend on 8.25p convertible redeemable preference shares.                      | 1 March  |
| Announcement of results for the year ended 31 December last and recommended final dividend. | 28 March |

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### APRIL

|                                     |          |
|-------------------------------------|----------|
| Post annual report to shareholders. | 24 April |
|-------------------------------------|----------|

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### MAY

|                                    |        |
|------------------------------------|--------|
| Annual general meeting.            | 21 May |
| Payments: approved final dividend. | 24 May |
| 10 per cent bonds 2017 interest.   | 3 May  |
| 10 per cent bonds 2007 interest.   | 24 May |

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### JUNE

|                                                            |         |
|------------------------------------------------------------|---------|
| Payments: 12½ per cent unsecured loan stock 2009 interest. | 30 June |
| 11½ per cent first mortgage debenture stock 2019 interest. | 30 June |

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### AUGUST

|                                    |           |
|------------------------------------|-----------|
| Announcement of half year results. | 29 August |
|------------------------------------|-----------|

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### SEPTEMBER

|                                                                        |             |
|------------------------------------------------------------------------|-------------|
| Payment of dividend on 8.25p convertible redeemable preference shares. | 2 September |
|------------------------------------------------------------------------|-------------|

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### MID OCTOBER

|                              |
|------------------------------|
| Payment of interim dividend. |
|------------------------------|

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### DECEMBER

|                                                            |             |
|------------------------------------------------------------|-------------|
| Payments: 12½ per cent unsecured loan stock 2009 interest. | 31 December |
| 11½ per cent first mortgage debenture stock 2019 interest. | 31 December |

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## Personal Equity Plans (PEP) and low cost share dealing service

The Company has appointed Halifax Investment Services Limited to manage the Company's General PEP (annual limit £6,000) and Single Company PEP (annual limit £3,000), and The Share Centre Limited to provide shareholders and prospective shareholders with a low cost share dealing service.

Details can be obtained by writing to:

Halifax Investment Services Limited, Halifax Building Society, Trinity Road, Halifax, HX1 2RG.  
Telephone: 01422 335991.

The Share Centre Limited, Slough Estates Low Cost Share Dealing Service, PO Box 1000, Tring, Herts, HP23 4JR. Telephone: 01442 890844.

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# Analysis of Ordinary Shareholders as at 31 December 1995

|                         | Number of<br>Holdings | Amount of<br>Holdings | %      |
|-------------------------|-----------------------|-----------------------|--------|
| Banks                   | 14                    | 67,437                | 0.02   |
| Other Corporate Holders | 582                   | 26,812,755            | 6.87   |
| Insurance Companies     | 174                   | 49,140,479            | 12.58  |
| Investment Trusts       | 34                    | 738,969               | 0.19   |
| Pension Funds           | 17                    | 7,603,582             | 1.95   |
| Nominee Companies       | 2,266                 | 237,264,587           | 60.75  |
| Individuals             | 9,663                 | 68,927,526            | 17.64  |
|                         | 12,750                | 390,555,335           | 100.00 |

| Individuals'<br>Shareholdings | Number of<br>Holdings | Amount of<br>Holdings | %      |
|-------------------------------|-----------------------|-----------------------|--------|
| 1 — 100                       | 229                   | 12,274                | 0.02   |
| 101 — 500                     | 1,232                 | 399,781               | 0.58   |
| 501 — 1,000                   | 1,763                 | 1,364,696             | 1.98   |
| 1,001 — 5,000                 | 5,125                 | 12,084,504            | 17.53  |
| 5,001 — 10,000                | 877                   | 6,048,509             | 8.77   |
| 10,001 — 25,000               | 340                   | 5,152,558             | 7.48   |
| 25,001 — 50,000               | 63                    | 2,116,750             | 3.07   |
| 50,001 and above              | 34                    | 41,748,454            | 60.57  |
|                               | 9,663                 | 68,927,526            | 100.00 |

## Taxation

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

|                                                                                                                           | 6 April<br>1965 | 31 March<br>1982 |
|---------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|
| Ordinary shares of 25p each<br>(adjusted for capitalisation issues in 1967, 1972, 1979, 1982<br>and rights issue in 1993) | 11.76p          | 108p             |

## Stock Market Prices

| Financial Year | 1995 | 1994 | 1993 | 1992 | 1991 |
|----------------|------|------|------|------|------|
| Highest        | 241p | 312p | 289p | 229p | 270p |
| Lowest         | 189p | 208p | 141p | 84p  | 204p |
| 31 December    | 218p | 235p | 275p | 141p | 219p |

# Notice of Meeting

Notice is hereby given that the seventy-fifth annual general meeting of the company will be held at The Abraham Lincoln Room, The Savoy Hotel, Strand, London, WC2R 0EU on Tuesday, 21 May 1996 at 12 noon for the following purposes:

- ① To receive and consider the statement of accounts for the year ended 31 December 1995 and the reports of the directors and auditors thereon.
- ② To declare a dividend.
- ③ To re-elect as directors.
  - (i) Sir Nigel Mobbs
  - (ii) Mr D Kramer
  - (iii) Mr D R Wilson
  - (iv) Mr R D Kingston
- ④ To re-appoint Coopers & Lybrand as auditors.

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

To consider and, if thought fit, pass the following resolution as an ordinary resolution

THAT:

- ⑥ 1981 SAYE Share Option Scheme:

1. subject to Inland Revenue approval the directors be and they are hereby authorised to amend the rules of the Slough Estates plc 1981 SAYE Share Option Scheme (the "Scheme") as may be necessary to:

- (a) allow participants in the Scheme to have a choice of three, five or seven year savings contracts;
- (b) reduce the minimum monthly contribution for participants from £10 to £5; and
- (c) enable employees transferred to a Group company which does not participate in the Scheme to exercise their options when their relevant savings contract matures if they are still in employment with a company which is an associated company of or a company under the control of the company; and

2. the directors be and they are hereby authorised to do all acts and things necessary or expedient to carry such amendments into effect including making such further amendments as may be necessary to obtain the approval of the Inland Revenue and/or such other approvals as the directors may consider necessary or desirable to obtain.

To consider and, if thought fit, pass the following resolution as a special resolution:

THAT:

- ⑦ for the purposes of Article 10(b) of the Articles of Association of the company, the Section 89 amount shall be for £4,881,941 and the period during which the powers conferred by Article 10(b) shall apply should commence on the date hereof and shall expire (unless previously renewed or revoked) at the next annual general meeting of the company or, if earlier, on 20 August 1997.

By order of the Board

J R Probert

Secretary

234 Bath Road

Slough SL1 4EE

24 April 1996

## Notes:

The reports and accounts are sent to all members of the company and registered holders of debenture and loan stocks but only holders of ordinary shares are entitled to attend and vote at the meeting.

Any member of the company entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote instead of him; and such proxy need not be a member.

Any instrument appointing a proxy, to be valid, must be lodged at the company's transfer office at The Royal Bank of Scotland plc, Registrar's Department, P O Box 82, Caxton House, Redcliffe Way, Bristol BS99 7YA not less than forty eight hours before the time fixed for the meeting.

Copies of contracts of service between the company and its executive directors will be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the company's registered office, 234 Bath Road, Slough SL1 4EE until 21 May 1996 and at The Savoy Hotel, Strand, London WC2R 0EU on 21 May 1996 from 11.45 am until the conclusion of the annual general meeting.

Subject to the declaration of the final dividend at the meeting, warrants for the dividend will be posted on 22 May 1996 to shareholders on the register at the close of business on 30 April 1996 for payment on 24 May 1996.