SLOUGH ESTATES

Annual Report 2000

SLOUGH ESTATES

SLOUGH ESTATES is committed to building and owning quality buildings for business located in prime business centres in the United Kingdom, Europe and North America to provide its shareholders with superior growth of net assets and earnings per share to enhance overall shareholder value.

UNITED KINGDOM

EUROPE

NORTH AMERICA

The Group, founded in 1920, owns, develops and manages industrial and commercial properties comprising 3.3 million square metres with a value of £3.7 billion. These properties are occupied by over 2,100 businesses.

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SLOUGH ESTATES **Financial Highlights 2000**

	2000	1999
Operating profit	£192.3m	£178.8m
Profit before taxation *including* investment property sales	£128.9m	£128.0m
Profit before taxation *excluding* investment property sales	£128.3m	£115.8m
Dividends per share	12.1p	11.2p
Basic earnings per share *including* investment property sales	25.8p	24.6p
Basic earnings per share *excluding* investment property sales	25.7p	21.7p
Net Assets per share	553p	476p
Net Assets per share *diluted*	520p	452p

Farnborough Business Park

Purchased in 1999, the former Royal Aircraft Establishment factory site, adjacent to the famous Farnborough Air Show airfield, was granted planning consent in 2000 for up to 155,000 sq.m. of office and research and development space plus up to 6,000 sq.m. of ancillary uses to be built on a phased basis. Save for several buildings of historic interest the site has almost been cleared and infrastructure comprising over one mile of roads and utilities provision commenced construction in January 2001. The first two office buildings, designed by Foster & Partners and Allies & Morrison are also under construction. This once brownfield, town centre site is being brought back into modern use as the pre-eminent business park in the M3 corridor.

Cambridge Research Park

In July the Cambridge Research Park development site was acquired. Located just north of Cambridge, planning consent for 56,000 sq.m. of office and research and development space and a hotel had previously been granted on this remediated brownfield site. The first buildings, leased to ntl Group and Diomed, were also acquired. The full infrastructure of roads, utilities and lakes is currently being built as is a first phase of 12,780 sq.m. comprising five sub-divisible flexible use buildings. This semi-rural, well landscaped business park is expected to be attractive to the many new and established knowledge-based businesses for which Cambridge is home.

"We should own and develop a selection of business parks and industrial and distribution estates in prime business centres that will be resilient to change"

Bath Road Offices, Slough

The transformation of the prime Bath Road frontage of the Slough Trading Estate to a premium office location has continued. A 13,000 sq.m. (net) scheme designed by Nicholas Hare in three buildings has seen the completion of the first building which has been let to Celltech Group and the letting of a second building due for completion in the summer to a French pharmaceutical company. The third building commences construction in June following the relocation of the current site occupier to a purpose-built factory on Buckingham Avenue. The last significant site for redevelopment on the Bath Road, next to the Group's head office, has received planning consent for a 9,505 sq.m. office for which an occupier is being sought.

Oyster Point, South San Francisco

During the year the city of South San Francisco granted consent for the development of 54,500 sq.m. office or research and development space at Oyster Point. Located on the edge of the Bay on a rehabilitated former steelworks site it is likely that this development, which begins construction in spring 2001 with infrastructure and a first phase of 37,300 sq.m. in five buildings, will be almost entirely dedicated to health science users. South San Francisco has become the leading location in northern California for health research. The Group has also acquired a further South San Francisco site on East Grand for which planning consent is being sought for approximately 68,000 sq.m. of office and research space.

Pegasus Park, Brussels

The development potential of Pegasus Park, close to the entrance to Brussels airport, has been expanded by the purchase of a further site during the year bringing the total development space to 275,000 sq.m. So far 42,000 sq.m. have been completed and is fully let, 53,000 sq.m. is under construction and further phases will start construction in 2001. The largest occupier is Cisco Systems who occupy 14,000 sq.m. at present and have pre-let a second phase of 18,600 sq.m. Pegasus Park's superior airport location is a significant attraction to international businesses and it is becoming the premier business location in Brussels.

Willingdon Park, Vancouver

In early 2000 construction work commenced on a 27,000 sq.m. office development at Willingdon Park, Burnaby in the suburbs of Vancouver. This business park is being developed jointly with Hospitals of Ontario Pension Plan. The attraction of the west coast to new technology businesses extends to Vancouver with occupiers such as Alcatel already occupying significant space on the park. The first tenant to sign for the new development is Nortel, who will be occupying 10,200 sq.m.

These results confirm the validity of the Group's strategic commitment to building and owning quality buildings for business located in prime business centres in the United Kingdom, Europe and North America. Our consistent application of this strategy is delivering to shareholders superior growth in both earnings and net asset value per share.

SUGEN II, SOUTH SAN FRANCISCO, USA

Chairman's Statement

The year 2000 has been successful both in financial terms and strategically. An increase in adjusted earnings per share of 18.4 per cent and an increase in diluted net assets per share of 15.0 per cent is largely as a consequence of our development activity of recent years producing good incremental returns over those which would have arisen through passive investment. Strategically 2000 produced significant events which will enable continued growth in earnings and assets including planning consent progress in Farnborough, Cambridge and South San Francisco, completion and commencement of 531,520 sq.m. of new space, and expansion of the Group's development potential by way of land acquisition.

These results confirm the validity of the Group's strategic commitment to building and owning quality buildings for business located in prime business centres in the United Kingdom, Europe and North America. Our consistent application of this strategy is delivering to shareholders superior growth in both earnings and net asset value per share.

Results

Profit before tax for 2000 amounted to £128.9 million compared with £128.0 million in 1999. The pre-tax profit included profits of £0.6 million (1999 £12.2 million which included £8.7 million from the rationalization of the Bilton portfolio) on the sale of investment properties. Adjusted to exclude these amounts, profit before tax increased by 10.8 per cent. Adjusted earnings per share were 25.7p (1999 21.7p), an increase of 18.4 per cent.

Diluted net assets per share were 520p compared with 452p for 1999, an increase of 15 per cent. The debt to equity ratio was little changed at 54 per cent.

Dividends

Your Board recommends the payment of a final dividend of 7.4p per share which together with the interim dividend of 4.7p per share represents an aggregate distribution of 12.1p per share, an increase of 8 per cent for the year.

Valuation

The value of investment properties, taking into account the annual revaluation, construction in progress at cost and prevailing exchange rates at 31 December 2000, amounted to £3,464 million (1999 £2,935 million).

Improved values across the portfolio reflect the success of the substantial development programme, the quality of our location choices, the current strength of property investment markets and our in-house management expertise.

The Group's investment property portfolio was valued externally on the basis of an open market value in accordance with the requirements of the professional bodies in each country. The revaluation gave rise to a surplus of £247 million, an increase of 7.7 per cent.

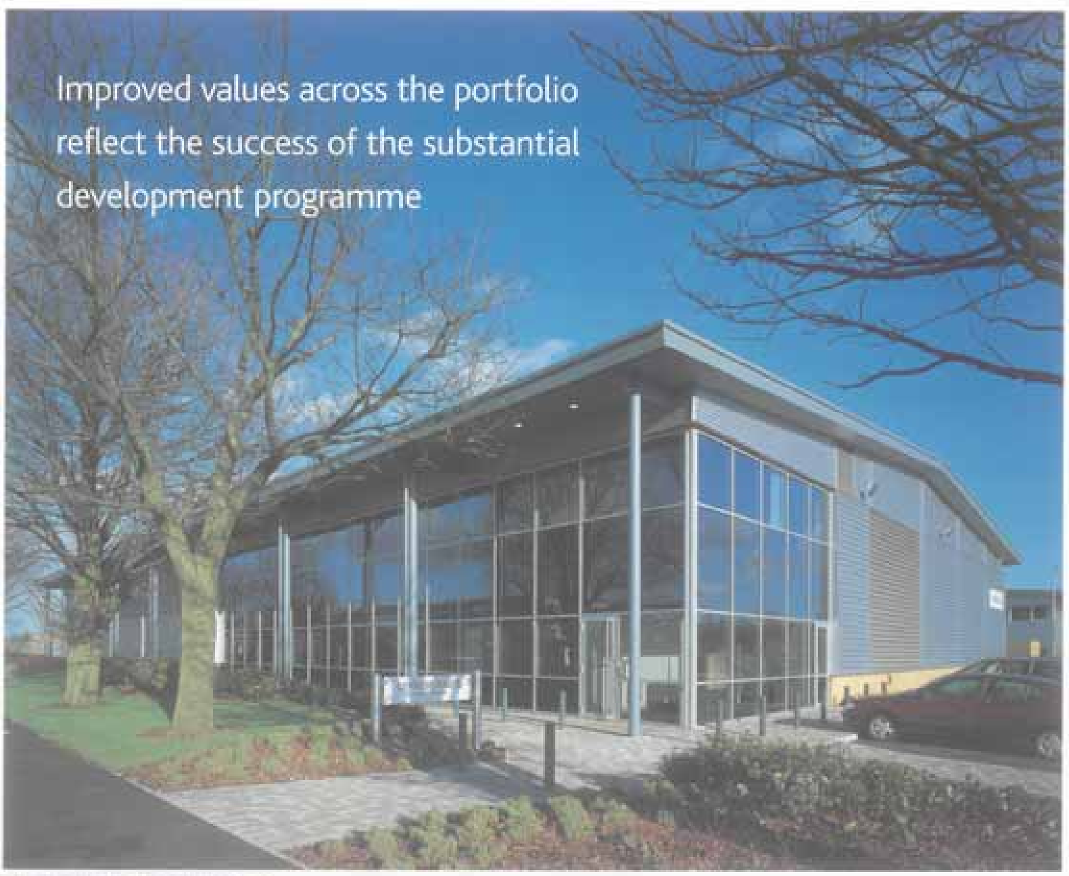
In the United Kingdom, the valuation surplus was 8.2 per cent reflecting stable yields, continuing growth in rental values and positive property management. Completed development projects valued for the first time showed a 19.2 per cent surplus. The underlying portfolio value improvements were 7.7 per cent industrial, 9.3 per cent offices and 4.1 per cent retail. These increases are again generally better than the value changes indicated by the principal market indices, thus confirming the validity of the Group's overall strategy of owning property in quality locations. Continuing rental growth has resulted in the occupied UK portfolio being reversionary by 13.2 per cent.

In overseas markets, values in North America increased by 7.2 per cent in the USA and 0.3 per cent in Canada. In Europe values increased by 9.4 per cent reflecting strong occupier and investment demand in both Belgium and France, particularly for new developments.

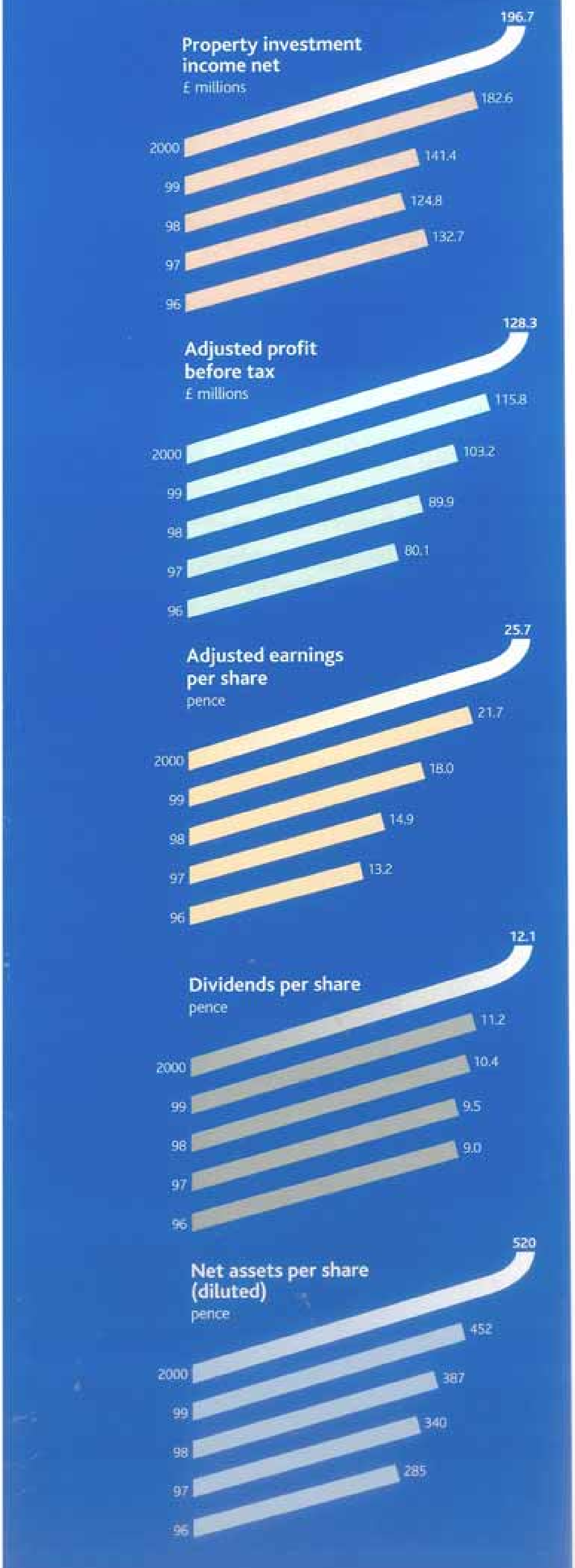
The underlying assets of property joint ventures and associates were also valued externally and resulted in a surplus of 2.9 per cent.

The total returns for the year, including both income and capital gains after providing for tax and on an undiluted basis, were 18.7 per cent. Over the past five years, the Group's compounded total returns have been 17.8 per cent per annum.

For the future, it is our intention to start publishing interim valuation figures with the half-yearly financial statement as at June 2001.



THE GATEWAY CENTRE, HIGH WYCOMBE



Summary of the Year

The Chief Executive's Review of the Year on pages 12 to 21 and the Financial Review on pages 29 to 33 together with tabulated portfolio data on pages 22 to 27 describe the year in more detail.

The main achievements of a very active year included:

- the completion of 290,930 sq.m. (3,130,000 sq.ft.) of new construction in the UK, North America and Europe with a further 240,590 sq.m. (2,590,000 sq.ft.) of new development currently in progress of which 73.0 per cent is now pre-leased or pre-sold.
- during the year £149 million was spent on new construction and £115 million on property acquisitions
- the leasing of 442,000 sq.m. (4,757,000 sq.ft.) of new and existing space
- planning permission has been granted for the master plan at the 72 hectare site at Farnborough and construction has now started on the first phases of construction amounting to 11,560 sq.m.
- the acquisition of the Cambridge Research Park with planning consents for up to 56,000 sq.m. of office and research space
- in France, 98,000 sq.m. (1,050,000 sq.ft.) of warehousing was built and leased at Marly la Ville
- in the USA 23 hectares of additional land for development was acquired in South San Francisco adjacent to the current successful investments
- in Belgium 64,000 sq.m. (685,000 sq.ft.) of new building is under construction, much of which is pre-leased to Cisco Systems, Johnson Controls and Deloitte & Touche.

During the year 104,000 sq.m. of investment and trading property was sold, primarily in the UK, France and Canada, realizing an aggregate of £92 million.

ARTIST'S IMPRESSION OF CAMBRIDGE RESEARCH PARK

The Group's Strategy

We are experiencing a period of rapidly changing business, economic and political conditions. Accordingly if we are to deliver our objectives of producing growth in earnings per share and net asset value for shareholders, we need to shape our property portfolio and development strategy to meet the needs of modern business in a coherent and focused way. The strategic principles are as follows:

- We should own and develop a selection of business parks and industrial and distribution estates in prime business centres that will be resilient to change
- The accommodation we create must be flexible and economic, responding to the end users' requirements. There will be an active programme of construction and renovation in response to market demand
- We will tailor our property management to provide the best possible support for those who occupy our properties and, where possible, work with our customers to help them expand their businesses
- We will aim to maximise occupancy, cashflows and earnings from good property management
- We will dispose of any properties that appear not to be able to add material value to our portfolio
- For the foreseeable future we will concentrate the Group's portfolios in the UK, continental Europe and North America.

Whilst our business is that of owning real estate and developing buildings, the company can only prosper if it has a strong balance sheet, a proactive funding policy and an emphasis on strong financial and management controls. Therefore we will ensure that our performance in these financial areas is at least as strong as it is within our primary property business.

Our strategy is consistent, robust and resilient to change. It also meets the needs of our customers.

Recently we have undertaken a thorough review of the strategy in the light of changing business, economic and political conditions. Our review has

OPEN STORAGE SOLUTIONS, GOREWAY, TORONTO, CANADA

WILLINGDON PARK, VANCOUVER, CANADA

concluded that the strategy remains relevant and that in application it provides sufficient flexibility and sustainability to continue to add value in the future.

Market Conditions

The year 2000 was a period of property market stability for both investment and occupancy demand. Generally institutional sentiment towards property was positive and as a consequence yields remained constant, though retail yields weakened in response to perceived e-commerce threats and weaker retailing margins. Investment demand for modern, well leased and well located out-of-town business space was encouraging.

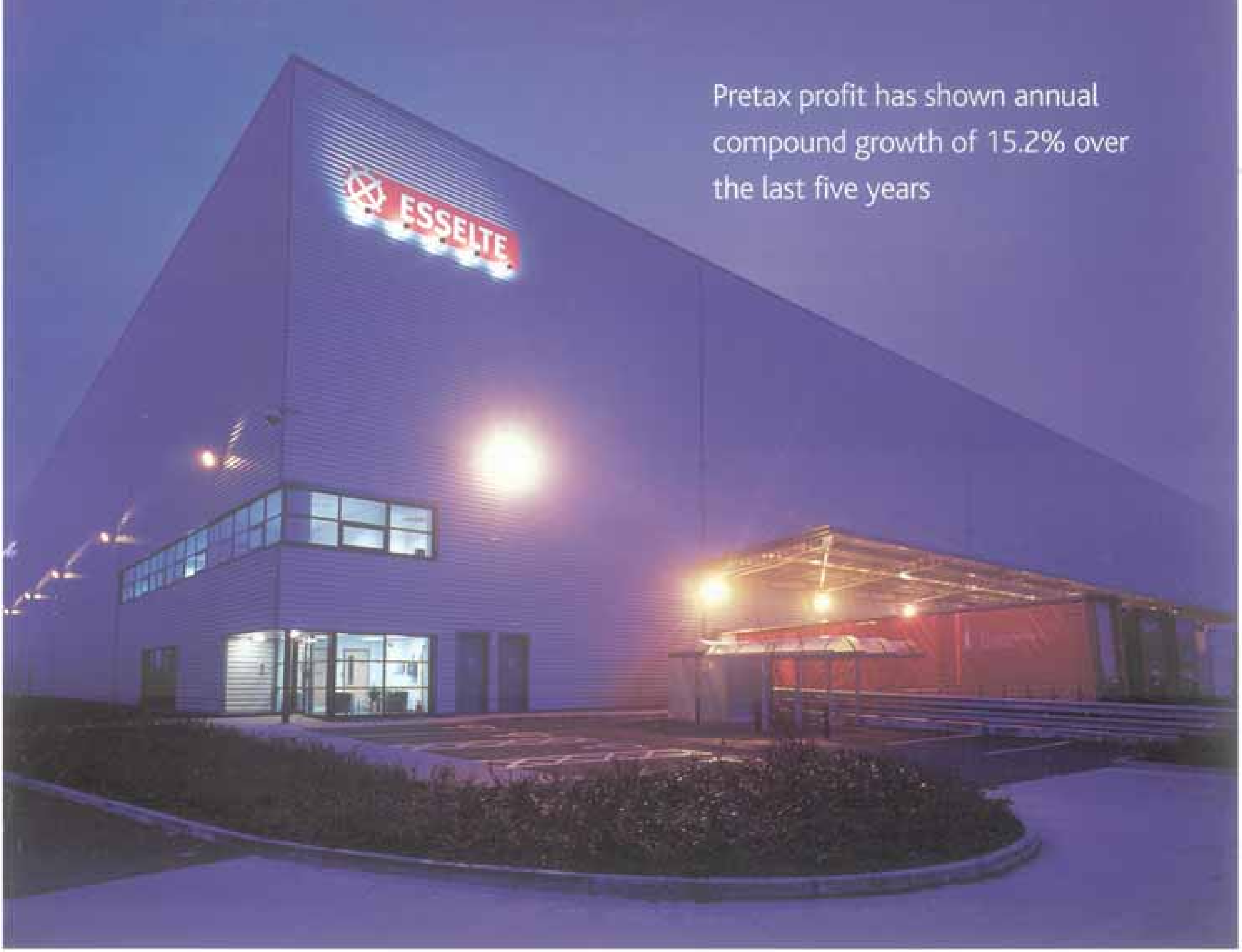
Occupancy demand for contemporary, well specified business space in prime business locations generally outstripped supply. Strong location criteria continue to dominate customer choice, including proximity to sources of power and main fibre optic systems. The supply from new construction is under control as banks remain reluctant to support new speculative development.

These are all market conditions that favour the Group's strategy of owning and developing business space in prime business centres.

The Way Forward

Looking to the future, we remain confident that the Group provides value to both its customers and its shareholders. The past year has been a traumatic period for many new age businesses and the resilience of businesses with tangible assets has been reinforced. There is no doubt, however, that modern business is becoming increasingly more dependent upon the development and application of knowledge to add value to their activities. The use of information technology and advanced communication is critical to the survival of many businesses. Businesses have to improve productivity and reduce costs to remain competitive.

Through its UK and overseas operations, the Group will continue to provide "Buildings for Better Business" in prime locations to assist customers in their achievement of better performance.



ESSELTE, MOULTON PARK, NORTHAMPTON

People's lifestyle expectations are increasing and this challenges the need for better health and service provision. Our programme of development of laboratory space in California, Slough and Cambridge is meeting the need of a diverse range of research and development businesses in the biotechnology and health science fields. Our management skills and experience are geared to satisfying the many needs of our customers and responding to opportunity as it arises.

In all respects we believe that we can respond to demand, though we are concerned that governments in most of the countries in which we operate claim on the one hand that they support investment in modern business to ensure competitiveness whilst on the other hand they introduce policies and regulations that limit development, add cost to buildings and restrict freedom of use. Oppressive red tape increases cost and delays needed investment without necessarily providing any improvement to lifestyles or to the environment.

The Year Ahead

After an extended period of economic prosperity in North America and Europe, there are clear indications that slower growth is to be expected. The property sectors in all our operating locations are better balanced and more soundly financed than they have been for decades. Should other business sectors begin to feel the economic strain, the lower risk characteristics of property investment should become more apparent and attractive to investors.

Corporate Responsibility

This year we have added a report on performance as an addition to the Environmental Policy Statement on pages 38 to 39. We remain committed to actively managing and monitoring the portfolio to avoid environmental risks.

Regulations under the Pensions Act 1995 last year introduced a provision that pension fund trustees should take account of the social responsibility of the businesses in which they invest. We are, as a company of course, very conscious of this requirement and during the past year we have reviewed the adequacy of our internal policies on ethical conduct, employment and health and safety as well as our published corporate governance guidelines.

We continue to support many community, charitable and education initiatives by way of financial and management support.

We believe that the Group benefits from these involvements and that we are a "socially responsible" business.

The Board

At the conclusion of the Annual General Meeting, Mr. Roger Brooke will be retiring from the Board having reached the age of 70. Mr. Brooke was first appointed to the Board in 1980. He has throughout his service as a non-executive director been a source of great wisdom and independent advice. I would like to express my appreciation to him for his valuable contribution.

Lord Blackwell has been invited to join the Board as a non-executive director with effect from 1 April. Norman Blackwell, who is aged 48, is currently a non-executive director of Dixons Group Plc, Corporate Services Group plc and a special adviser to KPMG Corporate Finance. He was formerly Director of Group Development at NatWest, Head of the former Prime Minister's Policy Unit, and a partner of McKinsey & Co.

At the Annual General Meeting, the following directors retire by rotation and offer themselves for re-election - Mr. David Hubbard, Mr. Marshall Lees, Mr. John MacGregor and Mr. Derek Wilson. In addition, Lord Blackwell will be nominated for election.

Brief biographical notes for all the Board members are set out on pages 44 and 45.

Management and Staff

On behalf of shareholders and the Board, I would like to express my very sincere thanks to our management and staff throughout the Group for their skills, effort and support during the past year. Good results are the result of teamwork and Slough Estates has a very experienced professional team.

Nigel Mobbs
Chairman

LOGICAL, BUCKINGHAM AVENUE, SLOUGH TRADING ESTATE

Chief Executive's Review

Throughout 2000 the Group benefited from favourable economic conditions and sound property markets in each of its areas of operations in the UK, Europe and North America. Significant progress has been made in delivering our strategy of creating new cash flows from property development in prime business centres and in obtaining planning consents which will enable the Group to make starts on several new business park projects in 2001. Most notably the Group is now able to commence construction on Farnborough Business Park, Cambridge Research Park and Oyster Point in South San Francisco. This will allow the development momentum of recent years to be increased at the Group's discretion depending upon occupier demand at the time of each new phase.

New development opportunities in prime business centre locations are not easy to find, particularly at competitive prices. Consequently the new additions to our development programme this year are important. Cambridge Research Park, which was acquired in July, will ultimately comprise 56,000 sq.m. of R&D and office space when fully developed. It is planned to provide a mix of space for both large and small science and technology based businesses, built in a high quality rural business environment. Similarly in South San Francisco, the Oyster Point business park acquired in early 2000 has been zoned for 53,000 sq.m. of office/R&D space to commence construction in 2001. Demand from health science tenants has been very encouraging; a first phase of 37,350 sq.m., starting in Spring 2001 is already 79 per cent covered by pre-lets or letters of intent. At the end of 2000 a further site in South San Francisco, at East Grand was acquired for development as a research park. This site will be processed for zoning during 2001 and could support 65,000 sq.m. of development. When completed the Group will have an aggregate of over 200,000 sq.m. in this important location.

At Pegasus Park, close to Brussels airport, a contiguous site has been acquired which will allow a 55,000 sq.m. expansion of the business park to a total capacity of 275,000 sq.m.

Largely as a result of these additions the Group's development programme for 2001 onwards now extends to some 1.4 million sq.m. which will cost approximately £1,125 million to deliver. Without exception, each of these developments will produce initial rental returns significantly in excess of the average cost of funds. It is this programme which will produce new earnings enhancing cash flows and development gains to boost net assets per share. Further details of the Group's development progress in 2000 is shown on pages 26 and 27 and a summary of the total development opportunities is set out on page 21.

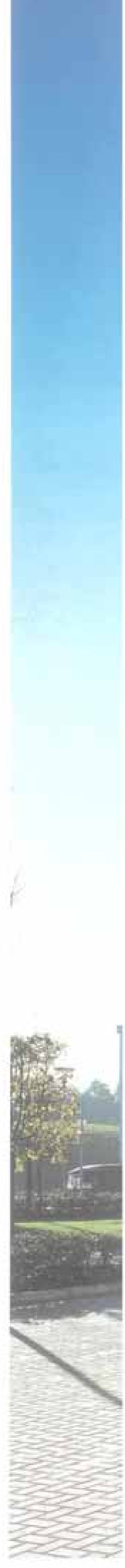
Not all of the Group's future potential will derive from development activities. Skillful management of investment properties is the bread and butter of the business. Continual improvement in the standards of estate management and a willingness to be flexible towards customer needs will show benefits in terms of revenues and values. Occupancy and rental rates are the prime measures of success in this respect. With a worldwide rental income of £216 million, any improvements in these measures flow to the bottom line. Thus investment management, customer care, leasing and marketing are all areas in which the Group endeavours to excel.

Occupancy at the end of 2000 was 93.6 per cent compared with 93.5 per cent the year before. This is influenced by the significant number of new developments which completed construction towards the year end.

UK Property

The focus of the Group's UK activity continues to be business parks and industrial space, particularly in the South East and predominantly in the Thames Valley area where demand for space remains good.

Leasing during the year was strong and estimated market rental rates increased year on year by 6.1 per cent overall. Approximately 115,000 sq.m. were leased to new tenants during the year and 28,000 sq.m. of expiring leases were renewed which in total represents 7.5 per cent of the total UK portfolio.



Significant progress has been made in delivering our strategy of creating new cash flows from property development in prime business centres and in obtaining planning consents which will enable the Group to make starts on several new business park projects in 2001.

CENTENNIAL PARK, ELSTREE

Including those retail centres held in joint ventures, rents passing at year end amounted to £172 million paid by 1,500 tenants. The UK portfolio extends to 1.89 million sq.m. (20 million sq.ft.) Details of the Group's UK properties are shown on pages 22 and 23.

New developments completed during 2000 amounted to 63,580 sq.m. of which 62 per cent has been leased, and a further 26,400 sq.m. was under construction at year end. At Slough the letting of new offices has been very positive. Logical pre-let a 6,200 sq.m. R&D unit on Buckingham Avenue and the first two buildings of the 190-208 Bath Road scheme currently under construction have been leased to health science occupiers, a total of 7,625 sq.m. A third building of 5,390 sq.m. commences construction in June when Combined Optical Industries relocate to their new factory on Buckingham Avenue. Also at Slough, the 4,270 sq.m. industrial development in five units built on the site of the old banking centre was completed in October and four units are leased.

Two of the added value features of the Slough Trading Estate which are becoming increasingly important are its exceptional communications and reliable power supply. Seven cable providers cross the estate and Slough Heat & Power provide an outstandingly reliable energy supply with surplus capacity available to customers with large power requirements. The estate is already home to three major telecoms switching centres and an internet data centre.

Elsewhere in the UK industrial developments have been completed or are under construction at Feltham, Acton, Uxbridge, Wokingham, Luton, High Wycombe, Southampton, Birmingham, Northampton and East Midlands Airport.
At Centennial Park, Elstree, a 5,146 sq.m. office has been built. Partly pre-let to Buhler, interest in the balance of the scheme is encouraging.

In 2001 the pace of development will increase. In January at Farnborough construction of the site infrastructure comprising over one mile of roads, utilities provision and substantial landscaping works commenced. The planning consent allows up to 155,000 sq.m. of office and R&D space, together with a further 6,000 sq.m. of ancillary uses. Construction recently started on two speculative office buildings, the larger at 9,290 sq.m. (gross) designed by Foster & Partners and the smaller at 4,180 sq.m. (gross) by Allies & Morrison. There is every expectation that Farnborough Business Park will ultimately be one of the best business addresses in the UK.

Almost simultaneous with the start of works at Farnborough, the site roads, services and landscaping commenced at the Cambridge Research Park. This new site was acquired in July and has consent for 46,000 sq.m. of office and R&D space and a hotel, in addition to the two buildings acquired at the Park's entrance. A first phase of 12,780 sq.m. commenced construction in January comprising business units suitable for either office or R&D use and designed to

HACIENDA VIII, PLEASANTON, CALIFORNIA, USA

PEGASUS PARK, BRUSSELS, BELGIUM

accommodate the new knowledge-based industries which are growing in Cambridge. Due to its fenland environment particular attention is being given to the landscaping and the wetland wildlife reserve which is part of the landholding.

Other major developments are likely to be started in 2001 at Elstree, with further office and industrial developments, and at Slough where a pre-let will be sought for the 9,050 sq.m. 250 Bath Road site which becomes available in June.

The Group's retail management team looks after 190,000 sq.m. of shopping centres valued at £580 million of which £400 million is in Slough's ownership. During the year all of the seven centres recorded improved levels of shopper visits. The Buchanan Galleries in Glasgow, opened in March 1999, is now firmly established as the premier city centre shopping destination in Scotland.

Just as the portfolio has been augmented with new developments, some £43 million has been raised through the sale of assets no longer fitting the Group's requirements. Offices at Sheffield, Leeds and Woking were sold, as were industrial properties at Bletchley, Enfield, Perivale and Cosham. Since the year end two office properties have been sold at Aldersgate Street in the City and at Bournemouth, realising £44 million.

Overseas

It is almost inevitable that a UK based company with a strategy of focusing on prime business centres will be drawn to investing in those locations overseas which are likely to perform as well as its best locations in the UK. The growth in the Group's overseas investment of recent years is now showing through strongly in earnings, contributing £39 million to pre-tax profits in 2000. The Group's overseas property investments now constitute 23 per cent of its total portfolio by value, being 17 per cent in North America and 6 per cent in Europe. Information on the Group's properties is set out on pages 24 and 25.

RIVER GARDENS, FELTHAM

Canada

The Canadian economy has benefited from the strong US economy, with low inflation, increasing employment and generally balanced provincial and federal budgets. The property sector is sound with historically high occupancy and firm rental levels.

In Toronto, 63,950 sq.m. of industrial space has been completed or is approaching construction completion at Mississauga, Goreway and Oakville. In most instances this has been leased prior to completion. As all land other than at Oakville has been fully built out, a further 13 hectares were acquired to expand the particularly successful Goreway estate by some 43,000 sq.m.

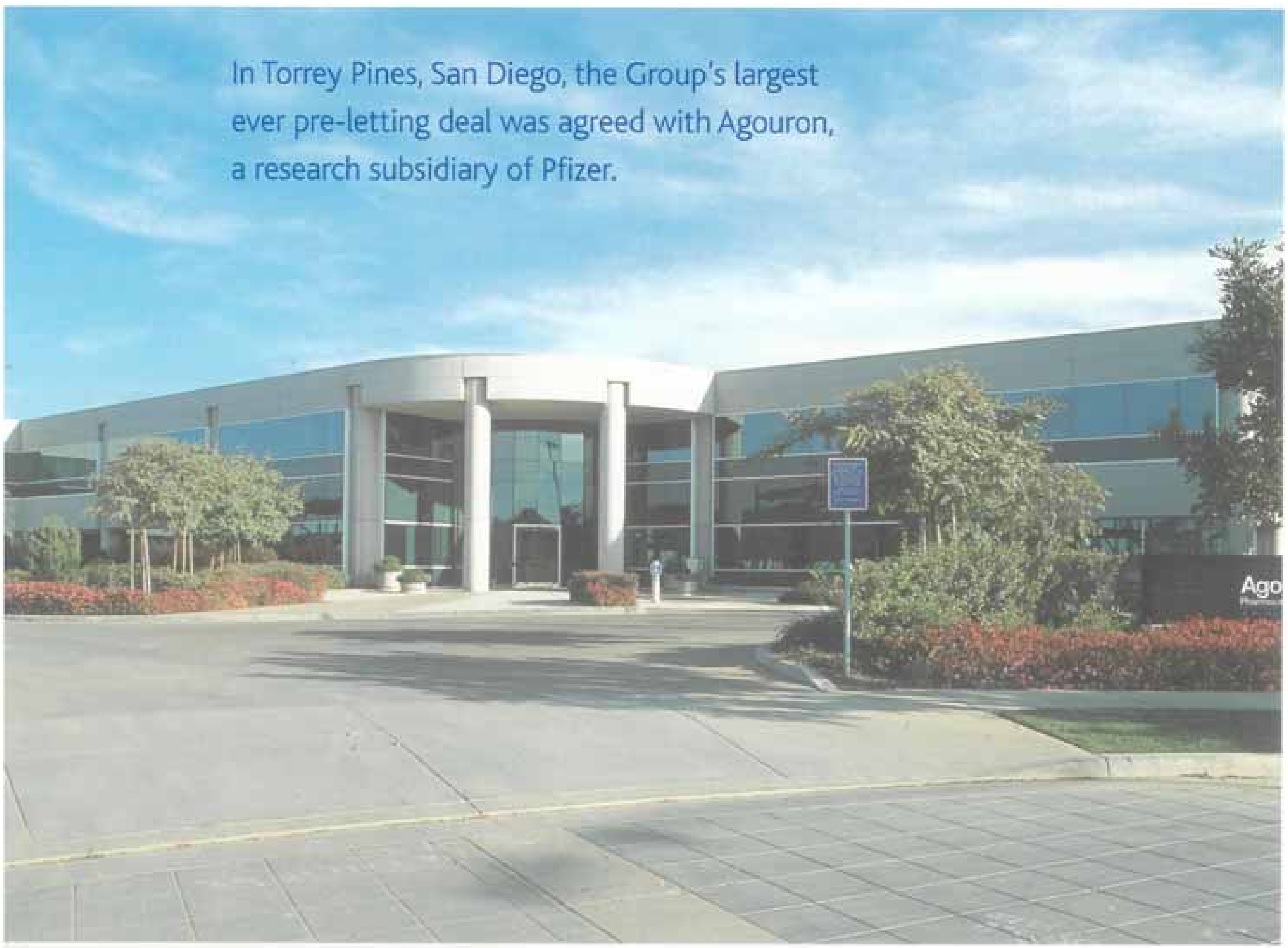
At Willingdon Park, Burnaby, Vancouver, construction started on a 20,800 sq.m. speculative office in Spring 2000, to meet expected demand from the rapid growth of high-tech industries in the City. In December, Nortel committed to occupy at least 10,200 sq.m. and interest in the balance has prompted the commencement of an adjacent 6,200 sq.m. building. This park is being developed jointly with the Hospitals of Ontario Pension Fund. The Mayfair estate at Port Coquitlam, Vancouver commenced construction in 2001 with a first phase of 11,230 sq.m. industrial and warehouse space.

USA

The USA economy was particularly strong during 2000 but in recent months has slowed. Recent reductions in GDP growth and corrective reductions in interest rates indicate a lower economic performance for 2001. The property market generally remains sound, with occupier demand typically matching or exceeding supply and the supply pipeline is unlikely to change that balance in the major business centres.

The Group's activities in California have been particularly successful during 2000. Demand for space from the health science sector in both San

In Torrey Pines, San Diego, the Group's largest ever pre-letting deal was agreed with Agouron, a research subsidiary of Pfizer.



AGOURON, TORREY PINES, SAN DIEGO, USA

Diego and the San Francisco Bay Area has resulted in full occupancy and strong demand for pre-letting of new space to be developed on our recently acquired sites.

In Torrey Pines, San Diego, the Group's largest ever pre-letting deal was agreed with Agouron, a research subsidiary of Pfizer. Slough is building for them a research campus at the Torrey Pines Science Center comprising 9,660 sq.m. already occupied, 21,650 sq.m. under construction currently and further phases of up to 26,290 sq.m. for future delivery, totalling 57,600 sq.m. all on long leases extending to 2017. Two speculative units of 7,690 sq.m. and 4,550 sq.m. are also in progress at the Center, the larger of which is now let. During the year the Group acquired a 7,900 sq.m. reversionary office/lab building in Torrey Pines currently occupied by Agouron.

With all the Group's land ownership becoming rapidly built out in the San Francisco Bay Area, two new large sites were acquired during 2000. The earlier acquisition of 9 hectares at Oyster Point, South San Francisco has now been zoned with consent for 53,000 sq.m. of research and office space together with a restaurant and a crèche. Sited on the edge of the Bay and close to the Group's other research parks at Gateway and Pointe Grand, demand for a first phase of 37,350 sq.m. to start in Spring 2001 has been very strong from both existing and new customers. We have pre-let commitments and letters of intent covering 79 per cent of the entire phase.

Not far from this site, and adjacent to the vast Genentech research complex, a further 11 hectare site has been acquired which is expected to gain consent for some 65,000 sq.m. during the course of 2001.

Following completion of further research facilities for Fibrogen, Exelixis and Sugen/Pharmacia totalling 19,500 sq.m., only one lot remains on our other Bay Area site which is under option to Sugen/Pharmacia for a building of 6,500 sq.m.

The 110,000 sq.m. of industrial properties at Elk Grove, near Chicago's O'Hare airport have been put to the market for sale following a significant re-leasing programme during 2000.

Continental Europe

The economies of Belgium, France and Germany all showed signs of improvements in 2000. Low inflation and low interest rates are forecast to continue. Though unemployment levels remain relatively high the situation is improving and the trend to a lower corporate tax burden should help secure continued economic growth. Property markets have remained firm, particularly in the prime business centres of Brussels, Paris and western Germany where the Group has been long established.

ARADIGM, HAYWARD, SAN FRANCISCO, USA

Belgium

The scale of operations currently underway at Pegasus Park, next to Brussels airport, makes it the Group's busiest location. The recent acquisition of a contiguous site from Scania will allow the total developable area to be increased to approximately 275,000 sq.m. of office space plus a 232 bed hotel. To date 44,860 sq.m. have been built including two buildings totalling 14,080 sq.m. for Cisco Systems.

the 13,500 sq.m. DHL building sold in 1998 and the 5,520 sq.m. Regus building completed early in 2000. Currently under construction are a further two buildings for Cisco totalling 18,600 sq.m. and a 16,010 sq.m. speculative office. In addition a 6,930 sq.m. European headquarters has been pre-let to Johnson Controls on which construction started in January 2001. The land dedicated to the hotel has been sold to the hotel operator and construction is progressing under Slough's project management.

Adjacent to Pegasus Park is a joint venture site known as Pegasus Park II which has consent for 35,000 sq.m. During 2000 a 7,790 sq.m. office building was completed for Deloitte & Touche and subsequently sold. A further 8,140 sq.m. office has commenced construction which has also been taken by Deloitte & Touche.

It is projected that full development of these sites will not be completed before 2007. The total project of 275,000 sq.m. is larger than any single office park development in the UK and it is the Group's intention to retain a major long term interest.

Elsewhere in Belgium two logistics parks, which have been acquired subject to obtaining planning consents, are being prepared for development at Rumst and Bornem, both close to the main highway between Antwerp and Brussels. Initial phases totalling some 37,000 sq.m. are planned to start in 2001.

France

The Group's development strategy for Paris is centred on "big box" warehouses located close to the Francilienne outer ring road. The demand for large distribution warehouses in the Paris region has continued whilst the supply of land zoned for such uses has become more limited. Thus the purchase of the 25 hectare site at Marly la Ville, just north of Charles de Gaulle airport, at the end of 1999 was well timed.

During 2000 the whole site was developed with four buildings totalling 97,725 sq.m. fully leased and occupied. Including the leased warehouse acquired with the site, this distribution park is one of the best in Paris and will be retained in the Group's

STOCKALLIANCE, MARLY LA VILLE, PARIS

PEGASUS PARK, BRUSSELS, BELGIUM

investment portfolio which now amounts to 216,000 sq.m. of similar space. Though sites are hard to acquire, at St. Fargeau near Orly a pre-let warehouse of 23,900 sq.m. is being built and an adjacent site for up to 20,400 sq.m. is held on option.

The 4,385 sq.m. office redevelopment at Rue Vineuse near the Trocadero in central Paris was completed and sold during the year at a substantial trading profit. Though this was a very successful venture, recent office rental rate increases and strong developer demand for possible sites has made it very difficult to replicate.

Germany

For some years the Group has followed a niche market strategy in western Germany, being the development, leasing and sale to institutional investors of small, multi-let industrial parks. Most industrial property in Germany is owner occupied and premises for those that would prefer to lease are limited.

During the year the 6,500 sq.m. estate at Neuss, near Dusseldorf, was sold and terms were agreed for the sale of the three Willich Münchheide estates totalling 26,430 sq.m. and the Duisburg 8,730 sq.m. development. This sale was completed early in 2001.

New developments have been started at Mönchengladbach, 4,660 sq.m. with a 5,000 sq.m. phase to follow later, Ratingen with a 9,212 sq.m. phase and at Glinde near Hamburg with 5,496 sq.m. At Kapellen, south of Dusseldorf, a larger land assembly is progressing with a first phase of

AIRPORT PARK, MÖNCHENGLADBACH, GERMANY

6,799 sq.m. under construction and a further 13,560 sq.m. likely to start in 2001.

This current programme is the largest that the Group has undertaken in Germany and its profitability should be reliably achieved.

Non Property Activities

Slough Heat & Power

Slough Heat & Power is an integral part of the Slough Trading Estate. It has electricity generating capacity of 100 MW, half of which is typically applied to estate customers and half is available for export to the Grid. It also supplies steam and water to estate occupiers. Despite unchanged year on year volume sales to the estate and several important plant efficiency improvements, the loss of our Non Fossil Fuel Obligation contract which expired at the end of 1998 still leaves a revenue/cost gap.

The increase in fuel prices, particularly gas, in the second half of 2000 only added to the deficiency, resulting in an operating profit shortfall of £3.6 million for the year. The New Electricity Trading Arrangements which are scheduled to take effect in April 2001 provide small operators such as Slough Heat & Power with little confidence that the Government is concerned about the interests of combined heat and power or other environmentally friendly providers of electricity. Consequently the financial result for 2001 is hard to predict.

To mitigate this, Slough Heat & Power are pursuing two initiatives. Firstly, to sell more electricity to estate customers at consumer prices rather than to the wholesale market. This ample but secure electricity source, together with a wide choice of suppliers of cable communications on the Estate is proving attractive to internet service and communications providers who typically have very large power requirements.

More importantly, in 1998 Slough Heat & Power were awarded a 15 year, indexed price, Non Fossil Fuel Obligation fourth round contract to supply 11 MW of electricity from a new boiler and generator fuelled by paper, plastic and fibrous waste materials. The plant to produce the fuel and the generating plant is currently under construction for commissioning early in 2002. The secure revenue stream that this will provide should have a major impact on the company's profitability.

Management Buy Out Investments

For many years the Group has participated in management buy out funds managed by Candover Investments plc in the UK and Charterhouse Group International Inc in the USA. Through these funds the Group has investments in over 50 businesses. The year end book values of the Group's investment in these funds was £36.6 million, compared to the fund managers' valuations of £49.5 million.

Uncalled commitments to Candover and Charterhouse Funds amount to £14.7 million.

Equity Interests in Californian Tenants

The Group's property developments in South San Francisco and San Diego are home to many knowledge-led start up companies, particularly in the field of health science. As part of the pre-letting agreement, but not to the diminution of the basic property deal, Slough has been granted equity warrants over a total of 1,945,000 shares in 17 different companies. Outstanding warrants not realised include 1,090,000 in companies yet to seek an exchange listing, and 855,000 in listed companies. The ultimate realisable value of these warrants, carried in the books at nil value, is impossible to determine.

Tipperary

Tipperary Corporation is an independent energy company headquartered in Denver, Colorado and quoted on the American Stock Exchange. It is focused primarily on exploration for and production of coalbed methane. It owns Tipperary Oil and Gas (Australia) Pty Ltd which holds a 62.5 per cent interest in south-eastern Queensland's 1.1 million acre Comet Ridge methane project as well as its own exploration permits in Queensland. In its annual letter to shareholders it reported that its "proved" gas reserves increased by 74 per cent to 265 Bcf, valued at US$94 million together with significantly larger "probable" gas reserves.

The Group has held an equity interest in Tipperary since 1986 and now owns 53.2 per cent with a book value of £12.6 million and a market value of £28.4 million at year end. The Group will continue to hold Tipperary stock until the full value of Comet Ridge is realisable.

Derek Wilson
Chief Executive

Development Opportunities

			Floor Space Developable sq.m.	Type of Space	Approximate Construction Costs £m
UK	Farnborough	Business Park	155,000	Office/R&D	225
	Cambridge	Research Park	46,560	Office/R&D	70
	Slough	Bath Road	22,060	Office/R&D	23
		Other sites available	21,420	Industrial/R&D	9
	Elstree	Centennial Park	41,500	Office/Industrial	36
		Other sites available	80,000	Industrial/R&D	45
			366,540		**408**
USA	San Diego	Torrey Pines	65,940	R&D	90
	San Francisco	Pointe Grand	6,040	R&D	10
		Oyster Point	54,500	R&D/Office	121
		East Grand	67,800	R&D/Office	142
	Elgin, Illinois		97,000	Industrial	42
			291,280		**405**
Canada	Toronto		94,500	Industrial	17
	Vancouver	Willingdon Park	43,820	Office	23
		Coquitlam	24,400	Industrial	5
			162,720		**45**
Continental Europe	Belgium	Pegasus Park I	195,910	Office	157
		Pegasus Park II	27,420	Office	19
		Bornem/Rumst	129,950	Logistics	38
		Other locations	42,840	Industrial	11
	France	St. Fargeau	44,330	Logistics	7
	Germany	Ruhr/Rhine/Hamburg	103,110	Industrial	35
			543,560		**267**
Total			1,364,100		1,125

Based on land currently controlled. Construction costs include building and infrastructure costs to be incurred after 31.12.2000; excludes land values (except where acquired after 31.12.2000) and finance costs. Developable space includes projects under construction at 31.12.00.

UK Property Portfolio

as at 31 December 2000

Location	Land Area Hectares	Land for Development Hectares	Industrial/ Warehousing sq.m.	Business/ Office sq.m.	Retail sq.m.	Total sq.m.	Under Construction sq.m.	Number of Tenants	Rent Roll £000's
Slough									
Slough Trading Estate	**196**	**2**	**591,502**	**67,542**	**28,133**	**687,177**	**11,881**	**421**	**66,235**
London									
Central	–	–	–	13,469	–	13,469	–	8	4,231
Park Royal	5	–	21,123	–	–	21,123	–	30	1,498
Acton	4	–	17,437	–	–	17,437	2,043	14	1,406
Feltham	23	–	87,041	8,668	–	95,709	–	41	8,019
Hounslow/Isleworth	9	–	39,961	713	–	40,674	–	47	2,828
Hayes/West Drayton	11	–	49,500	–	–	49,500	–	51	3,038
Greenford	5	–	25,056	–	–	25,056	–	15	1,699
Uxbridge	7	–	12,952	1,769	–	14,721	3,510	8	1,123
South Ruislip	4	–	12,474	–	2,422	14,896	–	6	1,429
	68	**–**	**265,544**	**24,619**	**2,422**	**292,585**	**5,553**	**220**	**25,271**
South East NORTH OF THAMES									
Elstree	27	8	22,196	5,146	–	27,342	–	12	1,458
High Wycombe	9	–	31,621	2,169	–	33,790	–	20	1,969
Welwyn Garden City	2	–	9,540	–	–	9,540	–	22	720
Chelmsford	3	–	15,567	–	–	15,567	–	8	700
Colnbrook	2	–	10,260	–	–	10,260	–	8	614
Radlett	12	7	19,668	–	–	19,668	–	2	661
Luton	9	–	29,707	–	–	29,707	7,018	25	1,299
	64	**15**	**138,559**	**7,315**	**–**	**145,874**	**7,018**	**97**	**7,421**
South East SOUTH OF THAMES									
Epsom	1	–	6,843	–	–	6,843	–	3	301
Wokingham	2	–	5,506	–	–	5,506	1,945	4	285
Winnersh	30	–	100,492	20,684	–	121,176	–	43	13,749
Camberley	3	–	13,787	–	–	13,787	–	3	743
Farnborough	72	52	19,036	120	–	19,156	–	6	1,061
Ascot	11	–	–	9,350	–	9,350	–	1	2,617
Leatherhead	2	–	2,180	1,996	–	4,176	–	4	403
Bracknell	2	–	5,007	–	–	5,007	–	8	400
	123	**52**	**152,851**	**32,150**	**–**	**185,001**	**1,945**	**72**	**19,559**

Location	Land Area *Hectares*	Land for Development *Hectares*	Industrial/ Warehousing sq.m.	Business/ Office sq.m.	Retail sq.m.	Total sq.m.	Under Construction sq.m.	Number of Tenants	Rent Roll *£000's*
South									
Basingstoke	3	–	11,007	–	–	11,007	–	8	1,078
Yate	9	–	31,687	–	–	31,687	–	27	1,335
Weston-super-Mare	8	1	25,575	–	–	25,575	–	42	1,132
Bournemouth	6	5	–	4,585	–	4,585	–	2	619
Portsmouth	21	1	73,161	2,543	–	75,704	–	46	3,655
Bristol	7	2	15,758	–	–	15,758	–	4	336
Swindon	3	–	11,180	–	–	11,180	–	6	700
Southampton	6	2	13,050	–	–	13,050	–	1	163
Gloucester	11	5	14,032	–	–	14,032	–	3	257
	74	**16**	**195,450**	**7,128**	**–**	**202,578**	**–**	**139**	**9,275**
Midlands and North									
Birmingham	23	3	61,943	2,980	–	64,923	–	76	3,305
Huddersfield	8	–	15,332	–	9,023	24,355	–	22	1,346
Oldbury	2	–	4,315	1,575	–	5,890	–	6	468
Chester	3	–	11,108	–	–	11,108	–	2	348
Runcorn	4	–	13,697	–	–	13,697	–	4	548
Warrington	5	–	20,656	–	–	20,656	–	26	681
Northampton	5	–	20,565	–	–	20,565	–	2	1,061
Derby	4	–	13,631	4,101	–	17,732	–	13	1,055
Cambridge	45	14	–	7,945	–	7,945	–	2	1,348
	99	**17**	**161,247**	**16,601**	**9,023**	**186,871**	**–**	**153**	**10,160**
Retail									
Surrey Quays, Rotherhithe *(50%)*	9	–	–	–	25,441	25,441	–	40	3,882
Clifton Moor, York *(50%)*	9	–	–	–	19,420	19,420	–	9	2,993
Howard Centre, Welwyn	2	–	–	147	22,155	22,302	–	58	2,727
Pentagon Centre, Chatham	4	–	–	–	30,739	30,739	–	87	3,983
Lewisham Centre, Lewisham	5	–	–	919	25,366	26,285	–	79	5,590
Buchanan Galleries, Glasgow *(50%)*	4	–	–	–	56,556	56,556	–	84	12,989
Bishop Centre, Taplow	3	–	–	1,167	8,694	9,861	–	43	1,674
	36	**–**	**–**	**2,233**	**188,371**	**190,604**	**–**	**400**	**33,838**
Total UK	**660**	**102**	**1,505,153**	**157,588**	**227,949**	**1,890,690**	**26,397**	**1,502**	**171,759**
Percentage by use	–	–	80%	8%	12%	–	–	–	–

Overseas Property Portfolio

as at 31 December 2000

Location	Land Area *Hectares*	Land for Development *Hectares*	Industrial/ Warehousing *sq.m.*	Business/ Office *sq.m.*	Retail *sq.m.*	Total *sq.m.*	Under Construction *sq.m.*	Number of Tenants
Belgium	55	24	71,256	53,850	2,797	127,903	64,333	97
France	55	–	236,042	4,553	–	240,595	23,913	19
Germany	30	10	44,570	12,006	–	56,576	30,208	45
Canada	194	37	500,093	51,337	–	551,430	57,760	342
USA	159	53	334,187	32,221	18,184	384,592	37,978	141
Total	**493**	**124**	**1,186,148**	**153,967**	**20,981**	**1,361,096**	**214,192**	**644**
Percentage by use	–	–	87%	12%	1%	–	–	–
Belgium								
Brussels								
Pegasus Park I	15	3	13,574	43,387	–	56,961	34,610	18
Pegasus Park II *(50%)*	2	1	–	–	–	–	8,137	–
Diegem	3	1	–	3,664	–	3,664	–	–
Woluwe	4	–	18,228	2,304	–	20,532	–	25
Zavantem	9	7	11,642	–	2,337	13,979	4,389	17
Relegem	4	–	19,089	–	–	19,089	–	31
Kortenberg *(50%)*	6	3	–	–	460	460	12,153	1
Strombeek	1	–	299	4,495	–	4,794	5,044	3
Nivelles	6	4	8,424	–	–	8,424	–	2
Zellik *(50%)*	5	5	–	–	–	–	–	–
	55	**24**	**71,256**	**53,850**	**2,797**	**127,903**	**64,333**	**97**
France								
Paris								
Colombes	3	–	17,812	–	–	17,812	–	4
Bures Orsay	4	–	19,264	–	–	19,264	–	3
Aulnay sous Bois	2	–	11,155	–	–	11,155	–	1
Nanterre *(66%)*	–	–	1,702	4,553	–	6,255	–	1
Evry	5	–	26,087	–	–	26,087	–	2
Marly la Ville	25	–	108,377	–	–	108,377	–	6
Cergy Pontoise	10	–	51,645	–	–	51,645	–	2
St. Fargeau	6	–	–	–	–	–	23,913	–
	55	**–**	**236,042**	**4,553**	**–**	**240,595**	**23,913**	**19**
Germany								
Willich-Münchheide	6	–	22,214	4,218	–	26,432	–	31
Neuss	10	5	12,770	3,980	–	16,750	8,701	2
Mönchengladbach	2	1	3,601	1,060	–	4,661	–	2
Duisburg	2	–	5,985	2,748	–	8,733	–	10
Hamburg	1	–	–	–	–	–	5,496	–
Kapellen	7	4	–	–	–	–	6,799	–
Ratingen	2	–	–	–	–	–	9,212	–
	30	**10**	**44,570**	**12,006**	**–**	**56,576**	**30,208**	**45**

Location	Land Area Hectares	Land for Development Hectares	Industrial/ Warehousing sq.m.	Business/ Office sq.m.	Retail sq.m.	Total sq.m.	Under Construction sq.m.	Number of Tenants
Canada								
Toronto								
Malton	50	–	153,487	2,583	–	156,070	–	136
Markham	10	–	32,675	–	–	32,675	–	27
Rexdale	14	–	55,971	–	–	55,971	–	15
American Drive	12	–	37,523	5,125	–	42,648	–	52
Matheson	3	–	13,459	–	–	13,459	–	8
Bentley	8	–	32,998	–	–	32,998	–	26
Goreway	33	13	63,701	–	–	63,701	8,020	17
Mississauga	16	–	68,186	–	–	68,186	3,936	27
Oakville	18	7	27,628	–	–	27,628	18,804	5
Montreal								
Kirkland	10	8	3,196	–	–	3,196	–	3
Vancouver								
Willingdon Park, Burnaby *(50%)*	9	2	–	43,629	–	43,629	27,000	25
Coquitlam	11	7	11,269	–	–	11,269	–	1
	194	**37**	**500,093**	**51,337**	**–**	**551,430**	**57,760**	**342**
USA								
Chicago: Illinois								
Elk Grove	21	–	88,762	–	–	88,762	–	65
Schaumberg	1	–	2,107	–	–	2,107	–	1
Elgin	34	29	16,861	–	–	16,861	–	2
Peoria *(25%)*	7	–	–	–	18,184	18,184	–	16
California, San Diego								
Torrey Pines Science Center *(34.5%)*	2	–	7,654	–	–	7,654	–	1
Torrey Pines Science Center *(50%)*	1	–	4,297	–	–	4,297	–	1
Torrey Pines Science Center	13	6	17,326	–	–	17,326	29,338	2
Torrey Pines	3	–	7,898	–	–	7,898	–	1
San Francisco								
Hacienda, Pleasanton *(49%)* & *(36.5%)*	9	–	23,194	13,099	–	36,293	–	14
Hacienda, Pleasanton *(90%)*	10	–	15,546	19,122	–	34,668	–	5
Point Eden, Hayward	16	–	49,209	–	–	49,209	–	18
Gateway, South San Francisco *(45%)*	2	–	6,143	–	–	6,143	–	1
Gateway, South San Francisco *(90%)*	4	–	13,515	–	–	13,515	3,995	1
Pointe Grand, South San Francisco *(90%)*	13	1	47,579	–	–	47,579	4,645	9
Oyster Point, South San Francisco	12	9	18,210	–	–	18,210	–	3
East Grand, South San Francisco	11	8	15,886	–	–	15,886	–	1
	159	**53**	**334,187**	**32,221**	**18,184**	**384,592**	**37,978**	**141**

Development Programme

as at 31 December 2000

		Type	Construction Completions 2000 sq.m.	Under Construction at end 2000 sq.m.	Projected starts 2001 sq.m.	
UK						
Slough	Buckingham Ave	R&D	6,175	—	—	Logical pre-let
	Bath Road 190/208/200	Office	—	7,625	5,390	7,625 sq.m. pre-let
	Bath Road 250	Office	—	—	9,048	Pre-let sought
	Buckingham Ave	Industrial	4,272	—	—	74 per cent let
	Various sites	Industrial	326	4,256	12,197	Eight sites
	Total Slough		**10,773**	**11,881**	**26,635**	
Farnborough	Sites 1/25	Office	—	—	11,560	Now under construction
	Other starts	Office	—	—	10,000	Pre-let sought
Cambridge	Phase 1	Office R&D	—	—	12,778	January starts
	Phase 2	Office R&D	—	—	8,959	Autumn starts
London W3	Western Avenue	Industrial	9,288	2,043	—	All let
Feltham	Three phases	Industrial	2,840	—	7,639	2,840 sq.m. let
Uxbridge	Riverside Way	Industrial	—	3,510	6,506	
Elstree	Phases 300	Industrial	—	—	9,290	
	Phases 700 & 650	Office	5,146	—	3,700	Phase 700 40 per cent let
Radlett	Phases 1	Industrial	—	—	8,498	
Luton	Dallow Road	Industrial	—	7,018	—	
High Wycombe	Cressex Estate	Industrial	9,547	—	—	65 per cent let
Wokingham	Fishponds Close	Industrial	—	1,945	—	
Bristol	Emersons Green	Industrial	2,318	—	—	
Southampton	Nursling Estate	Industrial	10,648	—	—	
Birmingham	Kings Norton	Office	1,663	—	—	
Castle Donnington	East Midlands Airport	Industrial	1,810	—	—	
Northampton	Moulton Park	Industrial	9,548	—	—	Pre-let to Esselte
Chester	Redevelopment	Retail	—	—	7,339	Pre-let sought
	UK Total		**63,581**	**26,397**	**112,904**	

		Type	Construction Completions 2000 sq.m.	Under Construction at end 2000 sq.m.	Projected starts 2001 sq.m.	
Belgium	Pegasus Park I	Office	5,521	—	6,929	Pre-lets to Regus/ Johnson Controls
		Office	—	18,599	—	Cisco pre-let
		Office	—	16,011	27,590	Speculative/pre-let sought
	Pegasus Park II	Office	7,787	8,137	7,789	15,924 sq.m. let to Deloitte & Touche
	Strombeek	Office	—	5,044	—	
	Zavantem	Office	1,643	4,389	—	1,643 sq.m. pre-let
	Kortenburg	Industrial	—	12,153	—	Pre-let
	Bornem & Rumst	Industrial	—	—	37,100	Logistics space
France	Evry 2 & 3	Industrial	27,846	—	—	No 2 sold/No 3 pre-let
	Marly la Ville	Industrial	97,725	—	—	Fully leased
	St Fargeau	Industrial	—	23,913	20,420	23,913 sq.m. let
	43 Rue Vineuse	Office	4,385	—	—	Sold
Germany	Willich Münchheide	Industrial	2,448	—	—	Let
	Neuss	Industrial	—	8,701	8,701	2,391 sq.m. let
	Mönchengladbach	Industrial	4,661	—	4,690	1,691 sq.m. let
	Ratingen	Industrial	—	9,212	—	
	Kapellen	Industrial	—	6,799	22,851	
	Hamburg Glinde	Industrial	—	5,496	—	
Canada						
Toronto	Mississauga	Industrial	11,341	3,936	—	Fully let
	Goreway	Industrial	21,850	8,020	20,545	29,870 sq.m. let or pre-let
	Oakville	Industrial	—	18,804	12,335	7,163 sq.m. let
Vancouver	Willingdon Park	Office	—	27,000	—	10,219 sq.m. pre-let
	Coquitlam	Industrial	11,269	—	10,433	
USA						
San Diego CA	Torrey Pines	R&D	—	21,647	—	Pre-let to Pfizer
	Torrey Pines	R&D	—	7,691	4,552	7,691 sq.m. pre-let to Syrrx
South San Francisco	Gateway	R&D	—	3,995	—	Pre-let to Fibrogen
	Pointe Grand	R&D	4,366	—	—	Sugen pre-let
	Pointe Grand	R&D	6,503	4,645	—	Exelixis pre-lets
	Oyster Point	R&D	—	—	37,350	All to be pre-let
Pleasanton CA	Hacienda	Office	7,091	—	—	Pre-let to Robert Half
Elgin IL	Westfield	Industrial	12,913	—	—	2,787 sq.m. let
	Overseas Total		227,349	214,192	221,285	
	Group Total		**290,930**	**240,589**	**334,189**	
	Leased or sold		83%	62%	14%	

400 WINNERSH TRIANGLE, READING

Financial Review

Results

Pre-tax profit, excluding the effect of investment property sales, increased by 10.8 per cent in 2000 from £115.8 million to £128.3 million. Earnings per share, adjusted on a similar basis, grew by 18.4 per cent to 25.7 pence.

Once again, the main feature of the improvement in results in 2000 was the significant rise in core or maintainable earnings. Core profit before tax was up by 11.9 per cent to £116.0 million, and has shown annual compound growth of 15.2 per cent over the last five years. These superior returns are very much due to the Group's continued commitment to developing and owning quality properties in prime business centres in the UK and overseas. Core earnings comprise property investment, property joint ventures and utilities income, less administration and net interest costs.

Property investment income of £196.7 million in 2000 was £14.1 million or 7.7 per cent higher than that of 1999, despite the considerable level of property sales during the last two years. The rationalisation of the Bilton portfolio and other properties that do not fit the Group's strategic objectives has entailed disposals amounting to some £215.2 million over this period. The effect has been to reduce year-on-year net rentals by £10.5 million. The positive effect of the development programme continues, with new developments and acquisitions contributing an additional £17.0 million to rental income in 2000, on top of 1999's £19.2 million. The underlying increase in net rental income was £7.6 million, after adjusting for the effect of acquisitions, new developments and property sales. The £4.4 million rise in property joint ventures' operating profit in 2000 was due to a full year's income from Buchanan Galleries, which opened in March 1999.

As far as future prospects are concerned, the main influences on rental income will be new developments, property disposals and the level of rental rates. The great improvement in core earnings over the last few years has been largely due to the progress made with the development programme. Emphasis will remain on achieving significantly higher returns on incremental development expenditure than is possible through the acquisition of existing 'dry' income producing properties. Extra year-on-year rental income of £24.0 million has already been secured on recent completions or properties currently under development. Rental income in 2001 will be adversely affected by some £4.3 million from the effect of property sales completed during 2000 and early in 2001.

There has been further rental growth during 2000. Consequently, the UK portfolio moved from being 9.8 per cent to 13.2 per cent reversionary over the year. This equates to £19.8 million of potential future rental income as leases are reviewed or properties re-let.

63 per cent of the current UK rent roll is secured on leases with at least ten years unexpired, or 49 per cent if all earlier break clauses are treated as expiries. Overseas, the customary length of lease is for shorter periods but any resultant reduced level of income security is compensated by the greater mobility of businesses. With over 1,500 tenants in the UK and just under 2,150 worldwide, the Group is not dependent on any one customer for its principal revenues.

Net interest costs rose by £5.9 million in 2000 to £78.2 million. Net interest payable (before capitalisation of interest) was up by £6.2 million from £94.3 million to £100.5 million. The increase was largely due to the effects of recently completed properties (£12.4 million), partly offset by 1999/2000 property sales (£7.3 million). Of the £22.3 million of interest capitalised, 39 per cent related to developments that were either pre-sold or covered by agreed lettings. Gross interest cover of 2.1 times was at the same level as that of 1999.

The Group's non core activities, involving property trading, other income and share of non-property associates, had another good year, with profit moving up a little from £12.1 million to £12.3 million.

A high level of trading property profit was generated again, increasing from £6.1 million to £6.7 million. The main contributors were the projects at Rue Vineuse in Paris, Evry (phase 2) and Neuss (phase 3). There are sufficient projects underway to suggest a reasonable level of trading profits in 2001.

Returns of £5.6 million from other activities were only £0.4 million down on last year. Contributions of £4.4 million were made from the Candover and CHUSA investments, against £5.6 million in 1999. £36.6 million remains invested in these funds, with a further commitment to them of £14.7 million. Future profits can therefore be expected, although the timing and quantum thereof are difficult to predict.

The Group's effective tax rate of 8.0 per cent was lower than 1999's 11.4 per cent. Both years benefited from the measures that were taken during 1998 to alleviate the Group's surplus advance corporation tax position. These benefits will become fully utilised during 2001. The effective tax rate is therefore expected to rise to circa 15 per cent in 2001 and to a more normal 20 per cent thereafter.

The Board has proposed a total dividend of 12.1 pence per share for 2000, an increase of 8.0 per cent on 1999. Dividend cover, adjusted to exclude the effect of investment property sales, was up from 1.9 times in 1999 to 2.1 times. Core income dividend cover improved from 1.7 times to 1.9 times.

Cash Flow

The net cash inflow from operations of £179.6 million was £8.4 million higher than in 1999. After paying all interest, dividends and tax, there was

GRESHAM ROAD, SLOUGH TRADING ESTATE

EXELIXIS, POINTE GRAND, SOUTH SAN FRANCISCO, USA

a free cash inflow of £29.7 million. Spend on the investment property development programme of £264.4 million significantly exceeded proceeds of £49.6 million from investment property sales. Overall, there was a net cash outflow of £199.6 million for the year.

Balance Sheet

The £320.2 million increase in shareholders' funds to £2,427.1 million during the year was largely due to the £254.3 million revaluation surplus on the Group's investment properties and retained profit of £56.5 million. As a consequence, diluted net assets per share rose by 15.0 per cent to 520 pence per share.

Although year end net borrowings of £1,307.6 million were £217.7 million higher than at the end of 1999, gearing (the ratio of net borrowings to shareholders' funds) only moved up marginally from 52 per cent in 1999 to 54 per cent at the end of 2000 thanks mainly to the revaluation surplus. The exchange rate effect increased net borrowings by £32 million.

Two new financings were achieved during 2000, a £225 million Eurobond 2024 issue at a coupon of 6.75 per cent and a $160 million US private placement with an average maturity of 10.7 years and average interest rate of 7.96 per cent. Since the year end, another unsecured Eurobond issue raised £150 million for 21 years at a coupon of 7 per cent. These funds will provide a base alongside committed bank facilities for the Group's substantial development programme.

The Group operates a UK based centralised treasury function. Its objectives are to meet the financing requirements of the Group on a cost effective basis, whilst maintaining a prudent financial position. It is not a profit centre and speculative transactions are

NURSLING ESTATE, SOUTHAMPTON

not permitted. Board policies are laid down covering the parameters of the department's operations including the interest rate mix of borrowings, net assets exposed to exchange rate movements and aggregate exposure limits to individual financial institutions. Derivative instruments are used to hedge real underlying debt, cash or asset positions and to convert one currency to another. Approval to enter into derivative instruments which affect the Group's exposure is required from a committee of executive directors prior to transacting.

The main financial risks facing the Group are liquidity risk, interest rate risk and foreign exchange translation exposure.

As regards liquidity, as property investment is a long term business, the Group's policy is to finance it primarily with equity and medium and long term borrowings. The weighted average maturity of borrowings at the year end was 12.2 years. £100.8 million of debt is due for repayment or rollover in 2001/2002. £1,057.2 million or 79 per cent of the Group's gross debt of £1,344.5 million has a maturity date beyond the year 2005.

At the year end the Group had £36.9 million of cash balances on deposit and £468.1 million of undrawn committed bank facilities. The duration of availability is shown in note 18 of these accounts. This availability, together with the aforementioned £150 million Eurobond proceeds are more than adequate to cover the Group's development plans over the next two years or so. Spend on the development programme is expected to amount to some £350 million in 2001 and about £250 million in 2002. This will obviously depend on progress made in planning and, in some instances, pre-leasing. There are no restrictions on the transfer of funds between the parent and 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.

The Group's approach to interest rate risk is that at least 70 per cent of the gross debt portfolio must attract a fixed rate of interest or be variable rate debt hedged with a derivative instrument providing a maximum interest rate payable. At the year end 82 per cent of the debt portfolio was at fixed rate. The weighted average cost of fixed rate debt was 8.1 per cent which falls to 7.8 per cent when variable rate debt is included. This is analysed in detail by currency and duration in note 18 to the accounts.

The main currency risk is translation exposure, i.e. the exchange rate effect of retranslating overseas currency denominated assets back into sterling at each balance sheet date. The Group's policy is that currency assets should be substantially hedged by maintaining liabilities (normally debt or currency swaps) in a similar currency. Net assets exposed to exchange rate fluctuations amounted to £334.6 million. A 10 per cent movement in the value of sterling against all currencies affects net assets per share by 1.4 per cent although experience shows that sterling rarely moves in the same direction against all currencies.

A number of the Group's historic fundings are at fixed interest rates which are high compared with current rates, but which reflect market conditions at the time they were completed. FRS13 requires the disclosure of the "fair value" of these loans and derivatives. The fair value at 31 December 2000 of the Group's borrowings, as analysed in note 18 to these accounts, was some £113.3 million higher than book value before tax or £79.3 million after tax. It is important to realise that the Group is under no obligation to repay these loans at anything other than their nominal value at the original maturity dates.

Dick Kingston
Finance Director

WORLD DESIGN AND TRADE, WESTERN AVENUE BUSINESS PARK, LONDON W3

SLOUGH ESTATES Website 2001

The Group has launched a new web site – **www.sloughestates.com**

– designed by Fitch Consultants and technically installed by SMART 421. The site consists of 3 sections:

"Our Business" is the corporate and financial side of the site giving you a clear view on the way the Group conducts its business and how well we are performing.

"Our Property" section allows you to look at the wide variety of properties that we have available and the customer service we provide.

"Space" is the general interest section dealing with modern workspace related topics.

The 1999 and 2000 Annual Reports can be downloaded directly from the website as PDF files or a printed copy can be obtained from The Annual Reports Service, 1/3 Hook Rise South, Surbiton, Surrey, KT6 7BR.

Corporate Governance Guidelines

A Statement of Policy for Slough Estates

Introduction

This statement of Corporate Governance policy has been adopted by the Board. It gives guidance on how the principles are applied to the company. A Statement of Adherence to the Combined Code of the London Stock Exchange can be found on pages 60 and 61.

The Mission of the Board of Directors

The Slough Estates Board of Directors represents the shareholders' interests in maintaining and growing a successful business including optimising consistent long term financial returns. The Board is accountable for determining that the company and its subsidiaries are managed in such a way to achieve this objective. The Board has a general responsibility to ensure that in good times as well as times of adversity the Executive is fulfilling its responsibilities. The Board's responsibility is to monitor regularly the effectiveness of the Executive's policies and decisions, including the implementation and execution of its strategies.

In addition to meeting its obligations for improving shareholder value, the Board has a responsibility to the Group's customers, employees and suppliers, and to the communities where it develops and invests.

All these principles and responsibilities are founded upon the basis of maintaining the successful continuity of the business.

Guidelines on important corporate governance issues

1 Selection and composition of the Board

The Board will on a regular basis review the composition of the Board, the diversity of skills and experience, their complementarity and the characteristics required of both executive and non-executive members of the Board in the context of the business and its strategies. This review should embrace diversity of experience, age, and term on the Board.

2 Selection and background of directors

The Board as a whole is responsible for the procedure of agreeing to the appointment of its own members and for nominating them for election by the shareholders on first appointment and thereafter at three yearly intervals.

Appointment of directors should be a transparent process. A Nomination Committee comprising a majority of non-executive directors has the responsibility for making recommendations for new appointments to the Board.

3 On appointment, new directors will be given a comprehensive introduction to the Group's business including visits to the Group's activities and meetings with senior management.

Board leadership

4 Selection of Chairman and Chief Executive

a The Board should be free to make this choice in any way that seems best for the company at the relevant time.

The Board has an open mind as to whether or not the roles of Chairman and Chief Executive should be separate, though its prevailing policy would be for separation.

b A "senior" non-executive director has been identified and acts as the Deputy Chairman of the Board. The "senior" non-executive director may also assume such responsibilities that might be designated by the Board.

Board composition and size

5 Size of the Board

It is important that the Board is of a size to enable there to be a reasonable balance as between executive and non-executive directors, the number of executive directors to be such as to ensure the sound management of the business and to offer the expectation of promotion for senior non-Board executive management. By way of guidance, neither the executive nor non-executive element of the Board should exceed two-thirds at any one time and a majority of the non-executive directors should be independent.

6 What constitutes independence for outside directors

The Board believes that independence is a matter of judgement and conscience but that, to be independent, non-executive directors should be free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Their interest in receiving fees as a director and being a shareholder should not prejudice their independence. An outside director should receive fair remuneration for the time devoted and the responsibilities involved but such remuneration should never represent to that director such a material income in relation to his overall financial position as to prevent that director from acting independently. Directors considered to be independent will be identified in the Annual Report.

7 The appointment of former executive directors to the Board

The Board believes that this is a matter to be decided in each individual instance but save for the Chairman and/or Chief Executive it would probably be an exception to the rule for a former executive director to be considered. A former executive director would not be considered as being an independent member of the Board.

8 Term limits

a Executive directors are employed on contracts which have varying notice periods which do not exceed two years. Subject to performance and other factors, executive directors once appointed would usually remain on the Board until the normal retirement age of 62, subject of course to their periodic re-appointment by the shareholders in general meeting.

b Non-executive directors are appointed and are then subject to periodic re-appointment by the shareholders (every 3 years) in general meeting. The Board does not believe that it should establish term limits. Whilst such limits help to ensure that fresh ideas and views are available to the Board, they have the disadvantage of losing the contribution of directors who have a wealth of understanding of the Group's business and the executive team. As an alternative to term limits, the Nomination Committee will when a non-executive director is up for re-appointment assess the director's suitability for re-appointment based upon his current commitment and interest in the business of the Board. This process will also allow each director the opportunity to conveniently confirm his desire to continue.

9 Retirement age

The normal retirement age for all non-executive directors is 70 and the director will retire at the Annual General Meeting following the director's 70th birthday.

10 Board compensation review

The pay and benefits for executive directors, including the Chairman, is determined by the Remuneration Committee - a committee comprised entirely of non-executive directors. For non-executive directors, their fees and remuneration is determined by the Board on the advice of the company Chairman. The remuneration of executive directors and non-executive directors will be the subject of continual monitoring of comparable companies and the assistance of independent external advisers will be sought from time to time.

11 Board Committees

The Board will maintain two standing committees comprising non-executive directors appointed by the Board. The Remuneration Committee will in accordance with its terms of reference determine the pay and other benefits of the Chairman and executive directors. The Audit Committee will review the financial accounts and policies and oversee internal controls and compliance. A third committee, the Nomination Committee, will consider the need to make new appointments to the Board, and determine the renewal of directors' appointments when they are due for re-election. This latter committee will comprise a majority of non-executive directors.

12 The Board's relationship with investors, press etc.

The Chairman, Chief Executive and designated executive directors will be the company's principal spokesmen with investors, fund managers, the press and other interested parties.

13 Board access to senior management

Board members have complete access to senior management. It is assumed that directors will use their judgement to be sure that this contact is not distracting to the business of the company and the duties of management, and that the Chairman and Chief Executive are kept informed.

Senior management are from time to time brought into formal and informal contact at Board meetings and other events.

14 Availability of information

The Executive has a positive responsibility to provide the whole Board with all the information of which it is aware that is relevant to the discharge of the Board's responsibilities. The Board therefore expects to receive timely advice on all material information about the company, its subsidiaries, its activities, performance and its projects, particularly including any significant variances from a planned course of progress.

15 Meeting procedures

The Chairman, together with the Chief Executive, will establish the agenda for each Board meeting.

The necessary papers for meetings will be distributed in advance of the meeting. The Executive will provide the desired information but will endeavour to ensure that the material does not contain anything that is not relevant.

As a general rule, presentation on specific subjects should be sent to the Board in advance so that time at the Board meeting can be conserved and used for discussion focused on questions.

16 Board authorities, delegations and discretions

The Board has determined those matters which are retained for Board sanction and those matters which are delegated to the executive management of the business.

A statement determining investment and sanctioning authorities is also maintained.

17 Governance policies

Policy statements governing ethical, environmental and personnel issues are in place.

18 Succession planning

The Board has a primary role in ensuring that adequate thought is given to planning for succession to executive director and senior management positions and that there are management development programmes in place for suitable internal candidates.

Environmental Policy

The Group is committed to protecting and enhancing the environment on all its properties and in its operations in the United Kingdom and overseas.

Principles of the Group environmental policy

The Group's environmental policy is based on the following general principles:

- the Group considers the impact of its activities on the environment in all aspects of its business
- the Group in all its activities is concerned for the environmental well-being of the communities in which it invests
- the Group strives, where practical, to implement the latest environmental standards and practices to achieve continuing improvement in environmental performance and complies with all current environmental legislation and regulations
- the Group protects the health and safety of its employees and promotes environmental awareness among them, its customers and suppliers
- when placing contracts, the Group seeks to ensure that contractors and other interested parties comply with the Group's environmental policy.

The implementation of the policy

The Group Board takes full responsibility for ensuring that this policy is observed effectively. The Group Board does, on a regular basis, review both the implementation of the policy and consider any amendments required as a result of evolving practice. Operational implementation of the policy is embedded in the responsibility of senior line managers who submit regular reports to the Group Executive Committee on the progress achieved. In the event of adverse incidents the Group Chief Executive is to be informed and a report submitted to the Chairman and the Board without delay.

Development, leasing and estate management

The policy of improving environmental standards is achieved by:

- observing local environmental control policies and relevant environmental regulations
- inspecting all land and buildings owned within the portfolio at least annually to ascertain whether environmental damage has occurred or is at risk of occurring and maintaining a comprehensive register of the findings
- specifying and monitoring works to remediate contaminated property and to minimize the risk of pollution which might pose a threat to the environment or to health
- reviewing all proposed development projects to assess the presence of any contamination and the means of remediation if required
- continually assessing the environmental impact of the uses and processes of current and prospective tenants and encouraging all occupiers to operate with increased environmental awareness
- informing tenants of good environmental and energy management practices
- ensuring that tenants commit through the lease to observe environmental regulations and maintain good environmental standards.

Building design and construction

In building design and construction the following measures are applied:

- eliminating the use of materials containing CFC and HCFC as alternatives become available
- conserving energy through improved insulation, the use of more natural ventilation, solar shading and energy efficient air conditioning systems implemented where practical through simple computer controlled systems
- an assessment of projects under the BREEAM (Building Research Establishment Environmental Assessment Methodology) code, where appropriate, with a minimum requirement of a "very good" score
- specifying building materials from sustainable sources only
- applying effective waste management procedures to ensure that developments do not cause an increase in air, water or ground pollution
- enhancing landscaping and external aspects in harmony with existing surroundings
- adopting best health and safety at work practices
- limiting nuisance from noise, dust and hazards
- reclaiming waste building materials for re-use where practical and disposing of other waste through the use of licensed contractors only
- adopting measures to protect workers, visitors and the public from exposure to unacceptable risks and hazards.

Slough Heat & Power Ltd (SHP)

This company, a wholly owned subsidiary of the Group, adopts "Best Available Techniques Not Entailing Excessive Cost" (BATNEEC) to ensure, as a minimum, its compliance with current and future regulations.

SHP observes the following basic principles:

- minimizing and controlling all releases to air, water and land to comply, as a minimum requirement, with all relevant legislation
- encouraging the most efficient use of energy by providing advice to customers on energy efficiency and by optimising the power station energy efficiency by generating both steam and electricity in a combined heat and power plant
- using reclaimed and processed waste fuel to reduce reliance on fossil fuels
- continuing to develop and modernise the power station to reduce the overall environmental impact whilst maintaining cost effective operations
- integrating environmental management into normal operational procedures at all levels to ensure that all environmental objectives and statutory requirements are continuously monitored and achieved.

Company administration

For its own part the company in its internal operations will:

- ensure all building, maintenance and service operations are optimised to save energy, water and waste
- use as far as practicable materials that are obtained from sustainable sources or are from recycled material
- return used materials for recycling
- maintain a safe and healthy working environment for the well-being of employees
- ensure that company vehicles are maintained regularly to reduce exhaust emissions and economise on fuel usage.

Environmental Performance Report

Environmentally, investment in property as a business activity is relatively benign. Modern buildings do not, in themselves, present a risk; it is the occupiers' activities and their attitudes towards environmental responsibilities which are of concern. Owners should accept a "hands on" approach to property management, using good environmental practice to help protect and enhance value.

It is property development that provides the greatest opportunity to contribute towards environmental improvement, through appropriate remediation of brownfield sites, well-designed, energy efficient new buildings and sympathetic landscaping for example.

To these ends the environmental policy set out on pages 38 to 39 is followed wherever it is practical and viable to do so.

Occupier Support

High standards are not only good for the environment, they are good for business. Well managed and pollution free industrial estates and office parks can enhance the occupiers' image and improve staff retention and productivity. In addition, helping our customers identify improvements in working practices reduces the risk of costly clean-up, business disruption, statutory fines and damage to reputation.

All the Group's land and buildings are environmentally assessed at least annually and remediation or improvements agreed where appropriate. The low incidence of negative reports is considered to be a reflection of the quality of our customer base and an endorsement of our occupier-focused approach.

Benchmarking

An annual survey conducted by Business in the Environment (part of Business in the Community) compares the environmental performance of FTSE companies. The systems and procedures we have in place to monitor and improve our environmental stewardship have contributed to a highly satisfactory result in the report issued in 2000. Slough Estates was ranked ninth amongst the FTSE mid-250 companies and placed first amongst property companies.

Development

The impact of property development on the environment is a key consideration in the planning process, both in the UK and overseas. Sympathetic and responsible development can deliver a range of environmental benefits which, amongst other things, attracts occupiers, encourages staff retention and promotes business success.

The redevelopment of previously used land, commonly known as brownfield development, is likely to benefit from good locations with established public transport and infrastructure links. Nearly all of the Group's development activity is on brownfield land including our major developments at Farnborough, Cambridge, Elstree, Pegasus Park Brussels, Marly la Ville Paris and Oyster Point and East Grand, South San Francisco. In the UK alone, over 90 per cent of our developable land bank is recycled land. Most of the smaller scale developments involve the rebuilding of business space on sites cleared of buildings which are beyond their economic or physical life. Extending the life of existing buildings by refurbishment can often be a viable option, with some 40 schemes undertaken in 2000 alone.

The replacement of dereliction with high quality workspace is fundamental to the Group's long-term strategy.

Construction

Identifying opportunities to recycle waste material to minimise landfill is an integral part of our redevelopment process. During 2000, over 50,000 cubic metres of brick and concrete were conditioned for re-use on the Group's own developments - enough to cover a football pitch 7 metres deep.

During the year five new buildings were assessed under the BREEAM (Building Research Established Environmental Assessment Methodology) code which rates buildings against a range of environmental issues. These all achieved a "very good" category rating. All new buildings are designed and built to a similar high standard.

The use of materials containing CFCs has been completely eliminated from our construction and good progress is being made to replace HCFCs with alternatives.

Slough Heat & Power

Slough Heat & Power (SHP) operate a multi-fuelled combined heat and power facility. In recent times it has been modernised to meet all current and anticipated emissions standards that are set at a European level. Emissions are audited by the Environment Agency annually to confirm compliance.

Much of the recent investment has been to improve SHP's environmental performance. This includes an energy recovery capability that utilises source segregated, non-recyclable packaging type waste as an alternative clean fuel. This reduces emissions and avoids the landfill of some 50,000 tonnes of waste each year and contributes to Britain's Kyoto targets. SHP are also an accredited Environment Agency re-processor for the proportion of waste packaging material in this fuel. SHP can then sell Packaging Recovery Notes to companies who are involved in the packaging chain and who need these notes to demonstrate compliance with National targets for recovery of packaging waste. SHP's energy recovery capacity should be more than trebled with an extension currently under construction.

As buildings on the Trading Estate are modernised the latest energy efficient equipment is specified by SHP's in house design team and, where feasible, the building heated with either steam or hot water to avoid the need for local gas heating.

SHP maintains a proactive environmental management culture that includes an annual environmental audit, training and monitoring of releases in to the environment as well as communicating with local stakeholders. Environmental criteria are also an integral part of purchasing, particularly for fuels.

Community

At Slough we are working with the Environment Agency to promote a Business Environment Club, a self-help organisation focused on improving waste and environmental management of local businesses. The Group is also a long time supporter of environmental charities such as Groundwork, the National Trust and the Wildlife Trusts in the Thames Valley and Cambridgeshire.

Directors, Officers and Advisers

As at 31 December 2000

Executive Directors

Sir Nigel Mobbs *Chairman*°

D R Wilson *Chief Executive*°

J A N Heawood

R D Kingston

M D Lees

D E F Simons

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

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*

T C Mant *Treasurer*

H E Rogers *Construction*

M L Taylor *Retail*

M Wilson *Development*

J A Hasen *Canada*

W E Hens *Belgium and France*

U Titz *Germany*

† Member of Audit Committee
* Member of Remuneration Committee
° Member of Nomination Committee

Auditors

PricewaterhouseCoopers

Solicitors

Lovells
Nabarro Nathanson

Merchant Bankers

UBS Warburg Ltd

Principal Bankers

Barclays Bank PLC
The Royal Bank of Scotland plc
Royal Bank of Canada
HSBC Bank plc
Commerzbank AG

Stockbrokers

UBS Warburg Ltd
Hoare Govett Limited

Registrars and Transfer Office

Computershare Services PLC
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Bridgwater
Bristol BS99 7NH

Trustees for Debenture and Loan Stocks

Commercial and General Union Plc
The Prudential Assurance Company Ltd

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SIR GORDON JEWKES, SIR NIGEL MOBBS, DEREK WILSON


THE RT HON JOHN MACGREGOR, DICK KINGSTON, DAVID SIMONS

Directors' Biographies

Sir Nigel Mobbs

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 and Executive Chairman from 1996 to 1999. He is Lord-Lieutenant for the County of Buckinghamshire. He is non-executive chairman of Bovis Homes, a non-executive director of Barclays Bank and Howard de Walden Estates, and chairman of Wembley Task Force. He is aged 63.

Derek Wilson

Chief Executive

A graduate of 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 and Westbury plc. He became Chief Executive in 1996 and is aged 56.

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 a member of the Council of the University of Buckingham and has served on other public bodies. He is aged 69 and was appointed a director in 1992.

Dick Kingston

Executive Director

Responsible for Group Finance. 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. He is aged 53 and became a director in April 1996.

David Simons

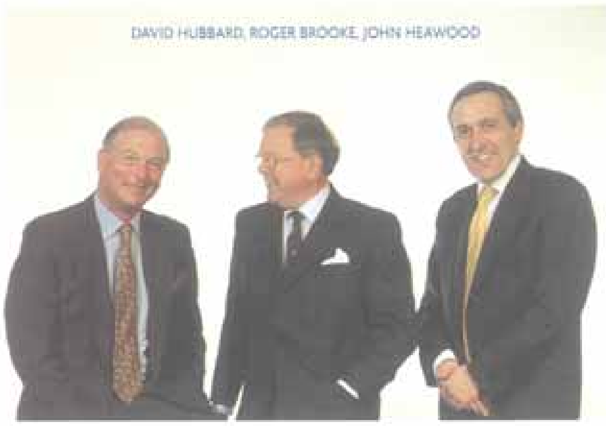
Executive director

Responsible for operations in Europe. 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. He is aged 60 and became a director in 1991.

The Rt Hon John MacGregor OBE MP

Non-Executive Director

Member of Parliament for South Norfolk since 1974. He served Conservative Governments 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. He is currently a non-executive director of Associated British Foods PLC, Uniq Plc and Friends Provident. He is 64 and was appointed a director in 1995.



John Heawood

Executive Director

Responsible for the UK property portfolio excluding retail. Following degrees in Estate Management and Rural Planning Studies from Reading University, he qualified as a Chartered Surveyor in 1977.
After 6 years with Fletcher King and 11 years with DTZ Debenham Thorpe dealing with provincial industrial and office property, he joined Slough Estates in November 1996. He is aged 48.

Roger Brooke

Non-Executive Director

After an early career in the Foreign Office, and with the Industrial Reorganisation 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 and Chairman until May 1999. He is Deputy Chairman of Carillion plc and Chairman of Innisfree Limited, Accord plc and Advent 2 VCT plc and was Chairman of the Audit Commission from 1995-1998. He has been a director of the company since 1980. He is aged 70.

David Hubbard OBE

Non-Executive Director

Qualified as a chartered accountant with KPMG in London before developing a career outside the profession in industry and the financial services sector. Formerly chairman and a non-executive director of various public companies including Powell Duffryn Plc and London & Manchester Group Plc. He now sits on the board of The City of London Investment Trust plc and Cancer Research Ventures Ltd. He is aged 64 and was appointed a director in 1994.

Marshall Lees

Executive director

Responsible for operations in North America. He is a graduate of the University of Western Ontario and York University, Toronto. Following 3 years with British American Tobacco, he obtained an MBA at the London Business School and subsequently joined Imperial Group plc in 1983. He joined Slough Estates in 1987 and was appointed a director in March 1998. He is a Canadian and is aged 47.

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 based in Chicago, Illinois. Draper & Kramer were partners with Slough Estates in the USA from 1973 until 1997. He is a director of Tipperary Corporation, an oil and gas production company of Denver, Colorado in which the Group has a 53 per cent equity interest. He also serves as Non-Executive Chairman of Slough Estates USA Inc. He is also on the governing board of The Chicago Symphony Orchestra and is Chairman of The Chicago Crime Commission. He is aged 64 and was appointed a director in 1981.

Paul Orchard-Lisle CBE TD DL

Non-Executive Deputy Chairman

A Chartered Surveyor former senior partner of Healey & Baker now Chairman of Healey & Baker Investment Advisors Inc and of Cushman & Wakefield of Asia. He is a non-executive director of The Europa Property Fund, a Commonwealth War Graves Commissioner, a member of the advisory board of Sonae Investments, a member of the advisory board of IVG Holding AG and president of the Council of Reading University. He is a deputy lieutenant of the County of Greater London and a past president of the Royal Institution of Chartered Surveyors. He has been a director of the company since 1980. He is aged 62.

Shareholders' Information

Financial Calendar 2001

March

Payment of dividend on 8.25p (net) convertible redeemable preference shares.	1 March
Payment of 7 per cent bonds 2022 interest.	14 March
Announcement of results for the year ended 31 December last and recommended final dividend.	21 March

April

Post annual report to shareholders.	11 April

May

Annual General Meeting.	15 May
Payments: approved final dividend.	18 May
10 per cent bonds 2017 interest.	3 May
10 per cent bonds 2007 interest.	29 May

June

Payments: $12\tfrac{3}{8}$ per cent unsecured loan stock 2009 interest.	2 July
$11\tfrac{1}{4}$ per cent first mortgage debenture stock 2019 interest.	2 July

August

Payment of $7\tfrac{1}{8}$ per cent bonds 2010 interest.	17 August
Payment of $6\tfrac{3}{4}$ per cent bonds 2024.	23 August
Announcement of half year results.	30 August

September

Payment of dividend on 8.25p (net) convertible redeemable preference shares.	1 September
Payment of 7 per cent bonds 2022 interest.	14 September

October

Payment of $6\tfrac{1}{4}$ per cent bonds 2015.	1 October
Payment of interim dividend.	Mid October

December

Payments: $11\tfrac{7}{8}$ per cent bonds 2012.	31 December
$12\tfrac{3}{8}$ per cent unsecured loan stock 2009 interest.	31 December
$11\tfrac{1}{4}$ per cent first mortgage debenture stock 2019 interest.	31 December

February 2002

Payment of $7\tfrac{1}{8}$ per cent bonds 2010 interest.	18 February
Payment of $6\tfrac{3}{4}$ per cent bonds 2024.	25 February

Individual Savings Accounts, Personal Equity Plans (PEP) and Low Cost Share Dealing Service

With the introduction of Individual Savings Accounts (ISA) the company selected the Halifax ShareXpress ISA as its preferred ISA provider. Details on the Halifax ShareXpress ISA are obtainable from the Halifax on telephone 0870-24-11-114.

Corporate PEP and Single Company PEP holders who require further information about their PEPs should ring the Halifax helpline on Freephone 0870 6066418.

The company has appointed The Share Centre Limited to provide shareholders and prospective shareholders with a low cost share dealing service. Details can be obtained from The Share Centre Limited, Slough Estates Low Cost Share Dealing Service, PO Box 1000, Tring, Herts. HP23 4JR. Telephone: 01442 890800.

Analysis of ordinary shareholders as at 31 December 2000

	Number of Holders	Number of Shares	Percentage
Bank or Nominees	2,334	353,422,685	85.39
Other Corporate Bodies	18	2,972,448	0.72
Other Companies	458	6,066,469	1.47
Individuals	7,202	37,064,506	8.96
Insurance Companies	56	9,455,776	2.28
Investment Trusts	44	848,379	0.20
Pension Trusts	7	3,595,768	0.87
Profit Share Scheme	1	456,803	0.11
Totals	**10,120**	**413,882,834**	**100**

Ordinary shares range analysis of individuals

Range	Number of Holders	Number of Shares	Percentage
1 — 100	268	14,237	0.04
101 — 500	1,164	375,428	1.01
501 — 1,000	1,335	1,038,625	2.80
1,001 — 5,000	3,532	8,094,668	21.84
5,001 — 10,000	589	4,109,574	11.09
10,001 — 25,000	224	3,339,625	9.01
25,001 — 50,000	48	1,621,820	4.38
50,001 and above	42	18,470,529	49.83
Totals	**7,202**	**37,064,506**	**100**

Taxation

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

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

Stock Market Prices

Financial Year	2000	1999	1998	1997	1996
Highest	**411p**	393.5p	414p	376p	278p
Lowest	**248p**	276p	259.5p	261p	192p
31 December	**411p***	353.5p**	273p	344p	278p

*As at 29/12/00 **As at 30/12/99

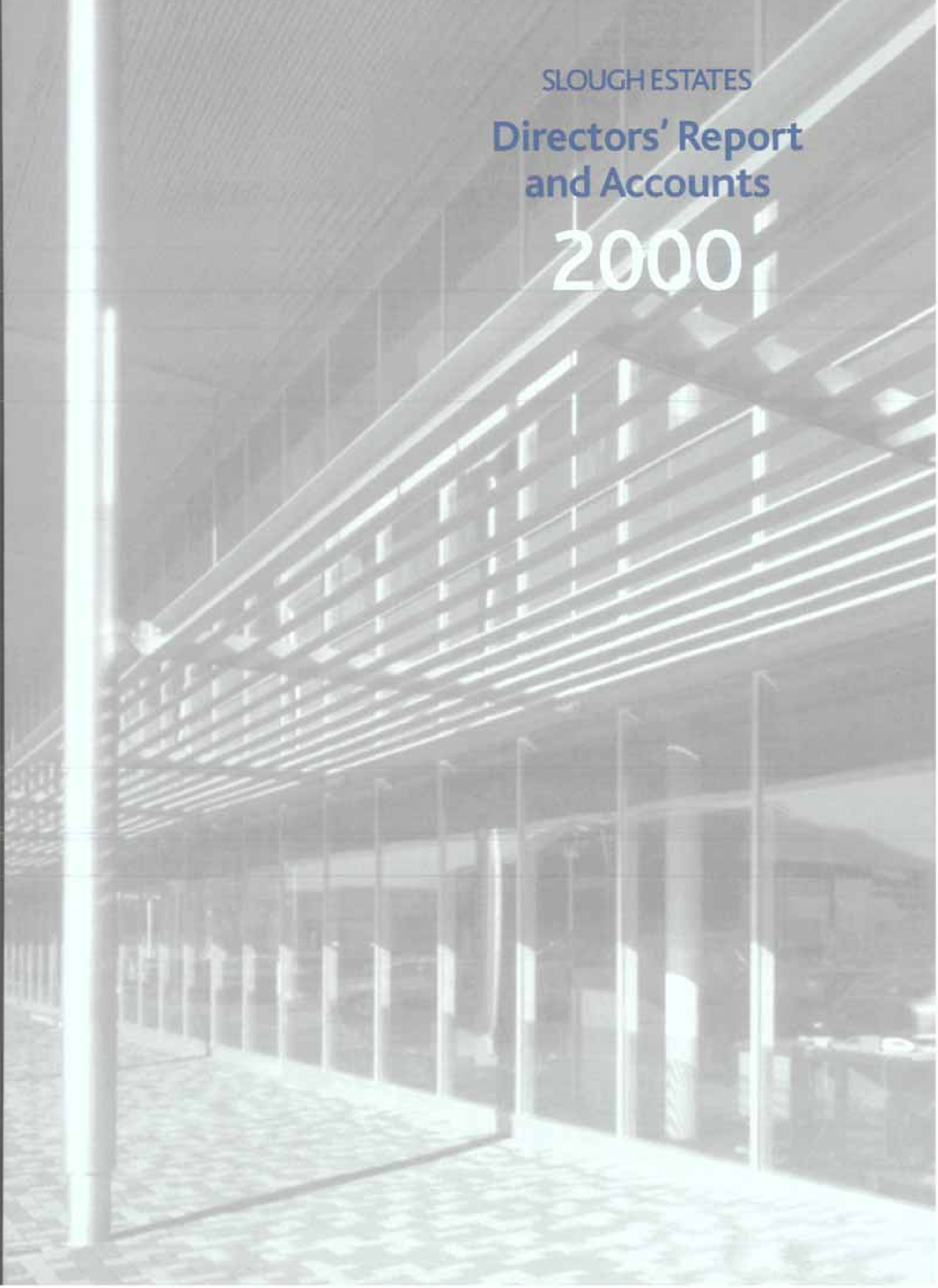
Five Year Financial Results

	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Group profit and loss account					
Property investment	196.7	182.6	141.4	124.8	132.7
Utilities	(3.6)	(3.7)	1.9	1.2	1.3
Administration expenses	(12.9)	(12.5)	(13.5)	(10.9)	(10.6)
Share of operating profit from joint ventures and associates	14.0	9.6	5.8	7.5	6.4
Net interest	(78.2)	(72.3)	(51.8)	(52.9)	(61.0)
Core income	116.0	103.7	83.8	69.7	68.8
Property trading	6.7	6.1	6.1	8.5	0.6
Other income and non-property joint ventures	5.6	6.0	13.3	11.7	10.7
Profit/(loss) on sale of investment properties	0.6	12.2	(2.1)	3.3	(4.6)
Profit before tax	128.9	128.0	101.1	93.2	75.5
Group balance sheet					
Investment properties	3,463.8	2,935.4	2,670.0	2,017.5	1,755.0
Associates and joint ventures	191.8	181.7	151.0	101.7	68.1
Trading properties	105.0	89.1	96.5	79.1	111.7
Other assets	203.0	183.1	191.9	171.8	146.1
Cash and deposits	36.9	59.5	65.3	35.8	32.3
Total assets	4,000.5	3,448.8	3,174.7	2,405.9	2,113.2
Borrowings	(1,344.5)	(1,149.4)	(1,158.2)	(723.8)	(689.0)
Other liabilities and minority interests	(228.9)	(192.5)	(222.1)	(164.5)	(155.7)
Shareholders' funds	2,427.1	2,106.9	1,794.4	1,517.6	1,268.5
Total return					
Profit attributable to ordinary shareholders	106.5	100.8	69.2	61.3	47.1
Capital surplus	261.6	253.7	196.9	222.4	73.2
	368.1	354.5	266.1	283.7	120.3
Data per ordinary share:					
Revenue earnings					
Excluding profits and losses on sale of investment properties net of tax and minority	25.7p	21.7p	18.0p	14.9p	13.2p
Adjustment for profits and losses on sale of investment properties net of tax and minority	0.1p	2.9p	(0.5p)	0.8p	(1.2p)
Basic	25.8p	24.6p	17.5p	15.7p	12.0p
Capital surplus	63.3p	61.9p	49.8p	56.8p	18.7p
Total return	89.1p	86.5p	67.3p	72.5p	30.7p
Total return per share as a percentage of opening net assets per share	18.7%	21.5%	19.2%	25.2%	11.5%
Dividends	12.1p	11.2p	10.4p	9.525p	9.0p
Net assets per share — basic	553p	476p	402p	350p	288p
Net assets per share — diluted	520p	452p	387p	340p	285p

SLOUGH ESTATES

Directors' Report and Accounts

2000



Directors' Report

The directors submit their annual report together with the audited accounts for the year ended 31 December 2000 which were approved by the Board on 20 March 2001.

Business of the Group

The principal activities of the Group continued throughout 2000 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 5 to 11, the Chief Executive's Review on pages 12 to 21 and the Financial Review on pages 29 to 33.

Results

The results for the year are set out in the Group profit and loss account on page 64. The Group's pre-tax profits were £128.9 million (1999 £128.0 million). After allowing for preference dividends of £11.6 million (1999 £11.6 million) paid and accrued during the year, earnings attributable to ordinary shareholders were £106.5 million (1999 £100.8 million). Basic earnings per ordinary share amounted to 25.8p (1999 24.6p).

Diluted net assets per ordinary share increased to 520p (1999 452p).

Ordinary dividend

An interim dividend of 4.7p per share was paid on 13 October 2000.

Your Board recommends the payment of a final dividend in respect of the year ended 31 December 2000 of 7.4p per share, making a total dividend of 12.1p per share (1999 11.2p per share) an increase of 8 per cent over the 1999 dividends.

The final ordinary dividend is payable on 18 May 2001 and the record date will be 27 April 2001.

The ordinary dividends paid and proposed in respect of 2000 will absorb £50 million.

Property valuations

The Group's investment property portfolio was valued by external valuers as at 31 December 2000.

The net increase of £247.5 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, acquisitions and disposals, and differences on exchange, the net effect is that the book value of the Group's investment land and buildings has increased to £3,463.8 million.

Further details concerning the valuation are set out under the heading "Property valuation" on page 62 and note 10 to the accounts.

Properties held for resale 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 42.

Lord Blackwell has been invited to join the Board as a non-executive director with effect from 1 April 2001, and in accordance with the Articles of Association he will retire at the Annual General Meeting and is eligible for election.

In accordance with the Articles of Association, Mr R D C Hubbard, Mr M D Lees, The Rt Hon John MacGregor and Mr D R Wilson will retire from the Board by rotation and, being eligible, offer themselves for re-election.

Mr C R E Brooke, having reached the age of 70 on 2 February 2001, will be retiring from the Board at the conclusion of the Annual General Meeting.

Directors' powers to allot shares

At the Annual General Meeting held on 16 May 2000 a resolution was adopted which gave your directors authority to allot shares. Under this authorisation your directors were granted a general authority to allot or grant rights over shares, for a period to 16 May 2005 of up to £34,400,205 in nominal amount of ordinary share capital (representing approximately one-third of the current issued ordinary share capital) and a limited authority to cover inter alia the allotment of shares by way of scrip dividend and of rights to ordinary shares upon the adjustment of conversion rights attached to the remaining convertible preference shares held in the capital of the company.

The additional authority will only be utilised to allot shares in this manner.

The Articles also grant 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 £5,160,031.

A Special Resolution, set out in the Notice of the Meeting will (if passed) grant until the earlier of 14 August 2002 and the conclusion of the 2002 Annual General Meeting of the company, the power of the directors to issue ordinary shares wholly for cash otherwise than in connection with a rights issue up to an aggregate nominal amount of £5,173,535.

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 £5,173,535 represents approximately 5% of the issued ordinary share capital and the proposed authority as a whole conforms to guidelines issued by the institution's Investment Committees.

Company's authority to purchase its shares

The company obtained authority to purchase its own shares at the Annual General Meeting in 2000. However, no shares have been purchased pursuant to this authority. Your directors now seek to renew this authority to enable the company to respond promptly should circumstances arise such that a purchase of own shares would be in the best interest of the company.

The renewed authority will allow the use of the company's available cash resources to acquire its own ordinary shares in the market for cancellation. The authority will expire at the conclusion of the Annual General Meeting of the company in 2002 or 14 August 2002 if earlier.

This authority is granted pursuant to Section 166 of the Companies Act 1985. Accordingly, a Special Resolution will be proposed at this year's Annual General Meeting to authorise the purchase in the market of up to 10% of the issued ordinary shares of the company at a price of not more than 105% of the average of the middle market quotations for the ordinary shares of the company (as derived from the Stock Exchange daily official list) for five business days prior to the date of purchase.

The Board, however, has no present intention to exercise that authority but it will then have the flexibility should circumstances materially change.

Amendment to Articles of Association

Non-Executive Directors' Fees

In order to give the company increased flexibility in respect of fees for Non-Executive Directors, at this year's Annual General Meeting it will be proposed that the aggregate remuneration figure contained in Article 102 should be revised from "£175,000" to "£250,000".

The current figure of £175,000 is the maximum amount that the company can utilise to pay as fees to its non-executive directors. The UK based non-executives received the aggregate sum of £130,000 in 2000 as detailed on page 55 in the Remuneration Committee Report.

Electronic Communications

The Companies Act (Electronic Communications) Order 2000 came into force on 22 December 2000. The Order amends the Companies Act 1985 and enables companies to communicate electronically with their shareholders.

Companies will, therefore, be able to seek the agreement of shareholders to the distribution of annual reports, accounts and other information on web sites, or through other electronic communications, and also enable shareholders to use e-communications to appoint proxies and to communicate voting instructions.

The use of electronic communication will not be mandatory and agreement will be sought from shareholders prior to any documentation being sent by electronic means.

Company information will, therefore, continue to be sent by post unless shareholders specifically elect for the alternative of electronic communication.

The introduction of this Order has, therefore, required a review and amendment of our existing Articles of Association. Set out in the Appendix to the Notice of Meeting is a summary of the appropriate amendments to the Articles.

Subject to shareholders' approval to the amendment of Articles it is currently envisaged that the implementation of facilities for electronic communication should take place during 2002.

The Articles have also been amended to take account of the transfer of the Listing Authority from the London Stock exchange to the Financial Services Authority and to clarify the procedures to be followed on conversion of the Convertible Preference Shares.

Copies of the existing Articles and a draft of the proposed new Articles will be available for inspection at the Company's registered office, 234 Bath Road, Slough, SL 1 4EE and at the offices of Lovells, 65 Holborn Viaduct, London EC 1A 2DY during normal business hours on any weekday (Saturdays and Public Holidays excepted) from the date of the Notice of Meeting up to and including 15 May 2001 and will also be available at the Annual General Meeting for at least fifteen minutes prior to and until the conclusion of the Annual General Meeting.

Company status

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

Payment of suppliers

It is the company's and the Group's payment policy, in respect of all suppliers, to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers when placing orders.

The Group's trade creditors as a proportion of amounts invoiced by suppliers represented 15 days at 31 December 2000.

Employment policy

The Group is committed to equal opportunities for all staff and does not discriminate in respect of sex, race or disability.

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.

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

A resolution was adopted at the Annual General Meeting in May 2000 which authorised the directors, for a period of four years from 16 May 2000, to make one or more donations/contributions to any registered political party as they consider to be in the best interests of the company of up to a maximum of £150,000 over that four year period. The resolution also authorised directors to incur occasional political expenditure for registered political parties of up to a maximum of £50,000 over the four year period.

It is the directors' intention to continue to make such donations consistent with the pattern of donations made by the company as in previous years.

The amounts given by the company in 2000 were as follows:

	£
Charitable	272,458
Conservative Party Funds	26,500
Aims of Industry	3,525
Centre for Policy Studies	2,500

Aims of Industry and Centre for Policy Studies are not registered political parties under the terms of the Political Parties Elections and Referendums Act 2000.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act 1985, resolutions concerning their re-appointment 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 2000 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 53 to 58.

Save as mentioned in the report of the Remuneration Committee, 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 and 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 2000 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 20 March 2001 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 hold in aggregate on a discretionary basis 40,977,832 ordinary shares of 25p each, representing 9.9 per cent.

The AXA Group and its subsidiaries hold in aggregate 20,701,333 ordinary shares of 25p each, representing 5.0 per cent.

Britannic Assurance plc and its subsidiaries hold in aggregate 21,832,516 ordinary shares of 25p each, representing 5.3 per cent.

By order of the Board

J R Probert

Secretary

20 March 2001

2000 Remuneration Committee Report

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 and Mr D R Wilson are in attendance at meetings and absent themselves when their own affairs are discussed.

Compliance with the Combined Code

The Committee is satisfied that the company has applied the principles set out in section 1 of the Combined Code when framing its remuneration policy. It is also satisfied that it has complied with the best practice provisions concerning directors' remuneration as set out in section 1 of the Combined Code, throughout the year.

Remuneration policy

The Remuneration Committee settles and implements the remuneration policy for the Chairman, executive directors and senior executives. The Committee takes independent professional advice with regard to information on compensation and salary levels in companies in the property sector and in other companies of comparable size, for executives with similar skills, qualifications and experience.

Slough Estates seeks to ensure that reward policies are aligned with the objective of maximising the long term value of the business and are market competitive. These policies extend to all employees.

The Group is committed to using remuneration to reinforce a strong performance culture whereby excellence is expected at every level of the business.

The Group policies are supported by the following remuneration principles:

- To align the interests of employees and shareholders to deliver real value growth
- To recognise superior performance by the business and individuals
- To encourage the right behaviour to achieve good performance
- To ensure that total rewards are commercially competitive
- Reward formulation will be transparent, relevant to performance and well communicated.

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

Outside appointments

An appointment of an Executive Director to the board of an outside company requires the approval of the Board. 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

The Committee's intention is that executive directors should have contracts with rolling notice periods of no more than 12 months. However they consider notice periods of two years for long serving directors who previously had longer contracts are in the interests of the company.

Sir Nigel Mobbs, who relinquished his executive responsibilities, continues as Chairman under an agreement which is subject to 12 months' notice by either party. Mr J A N Heawood and Mr M D Lees have service contracts which are terminable by the company and by the individual director on one year's notice. The contract of Mr D E F Simons will terminate on 30 September 2002 as a result of his retirement as an executive. Mr D R Wilson and Mr R D Kingston have service contracts which are terminable by the company on 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 in 1996, the contract of Mr D R Wilson contains a provision for predetermined compensation of between 22 and 24 months of salary, plus company pension contributions, should control of the company change and as a consequence his employment is terminated.

Any proposals for the early termination of the service contracts of directors and senior executives are considered by the Remuneration Committee. Save for the circumstances stated above, when the predetermined compensation becomes payable, the principles of mitigation are applied in settling compensatory amounts.

Non-executive directors

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

Pension and Retirement benefits

All executive directors, other than Mr M D Lees, 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 and is Inland Revenue approved. It has been registered with the Pensions' Registrar.

For directors, the scheme provides upon retirement at the age of 62, a pension of two thirds of final salary, which includes taxable benefits in kind, subject to completion of a minimum of 20 years' service, or pro-rata. Discretionary bonuses are not pensionable.

The accrued benefits under the above scheme for the directors during the period were as follows:

Funded Unapproved Retirement and Death Benefits Scheme

The company has set up a Funded Unapproved Retirement and Death Benefits Scheme (FURBS) which was effective from 1 November 1996. The Scheme will provide benefits to those employees who are capped by the Finance Act 1989, one of whom is Mr J A N Heawood, a director.
Mr Heawood's pension is funded by a combination of the company scheme and the funded unapproved scheme for which provision is being made in the accounts. The cost of the FURBS in 2000 was £90,000 (1999: £62,000).

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

	2000 £000	1999 £000
Executive directors		
Base salaries	1,362	1,348
Benefits in kind	99	85
Bonuses	57	75
Non-executive directors' fees	226	200
Aggregate Emoluments	1,744	1,708
Pensions to former directors and their dependents	57	56

	Increase in accrued pension from 31.12.99 to 31.12.2000 £	Accumulated accrued benefits at 31.12.2000 £	Transfer value of increase in accrued pension £
D R Wilson	20,347	159,885	234,100
J A N Heawood	1,343	6,596	6,800
R D Kingston	11,791	84,433	106,000
D E F Simons	11,716	109,787	181,500

Mr M D Lees, a resident of the United States, belongs to a non-contributory money purchase pension plan, with a retirement age of 65. The cost of the Plan in 2000 was US$8,500 and the value at 31 December 2000 was US$111,655. Mr M D Lees has a deferred pension under the Slough Estates (1957) Pension Scheme of £6,323 p.a.

Details of remuneration

		Base Salaries £000	Benefits in Kind £000	Bonus £000	Total £000
Sir Nigel Mobbs *Chairman*	**2000**	**200**	**13**	**–**	**213**
	1999	327	11	–	338
Executive directors					
D R Wilson *Chief Executive*	**2000**	**318**	**17**	**–**	**335**
	1999	289	16	15	320
J A N Heawood	**2000**	**245**	**15**	**–**	**260**
	1999	207	13	10	230
R D Kingston	**2000**	**195**	**15**	**–**	**210**
	1999	173	14	15	202
M D Lees*	**2000**	**246**	**24**	**57**	**327**
	1999	209	17	25	251
D E F Simons	**2000**	**158**	**15**	**–**	**173**
	1999	143	14	10	167

*Mr M D Lees, Chief Executive of Slough Estates USA Inc., is resident and remunerated in the USA.

	Fees 2000 £000	Fees 1999 £000
Non executive directors		
C R E Brooke	**23**	22
R D C Hubbard *(Chairman of the Audit Committee)*	**26**	25
Sir Gordon Jewkes	**23**	22
D Kramer*	**96**	75
The Rt Hon John MacGregor	**23**	22
P D Orchard-Lisle *(Deputy Chairman)*	**35**	34

*Mr D Kramer is non-executive Chairman of Slough Estates USA Inc. He is resident and his fees are paid in the USA.

Directors' interests in shares

The interests of the directors and their immediate families in the ordinary shares of the company at 31 December 2000 and 1 January 2000 were:

	Own holdings		Other interests		Long Term Incentive Share Scheme	
	31.12.00	1.1.00	**31.12.00**	1.1.00	***31.12.00**	1.1.00
Number of ordinary shares						
Sir Nigel Mobbs	**486,914**	447,530	**18,327**	18,327	**96,177**	106,262
C R E Brooke	**20,700**	3,250	**–**	–	**–**	–
J A N Heawood	**13,311**	9,033	**4,283**	–	**37,916**	29,933
R D C Hubbard	**–**	–	**4,370**	4,370	**–**	–
Sir Gordon Jewkes	**3,056**	3,010	**–**	–	**–**	–
R D Kingston	**19,349**	17,341	**7,866**	11,366	**39,315**	30,248
D Kramer	**6,250**	6,250	**–**	–	**–**	–
M D Lees	**26,648**	18,978	**–**	–	**48,518**	38,425
The Rt Hon John MacGregor	**1,000**	1,000	**–**	–	**–**	–
P D Orchard-Lisle	**23,580**	23,580	**–**	–	**–**	–
D E F Simons	**91,419**	83,127	**–**	–	**33,760**	28,227
D R Wilson	**116,411**	98,964	**–**	–	**86,474**	71,965

*Maximum number of shares which may be awarded to the individuals on achievement of the upper level performance targets for 1999 and 2000, together with the number of shares which will be released in 2001 relating to 1998.

Between 31 December 2000 and 20 March 2001 there were no changes to the above.

8.25p convertible redeemable preference shares	Own holdings 31.12.00	1.1.00	Other interests 31.12.00	1.1.00
Sir Nigel Mobbs	**35,752**	35,752	**6,760**	6,760
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 2000.

	Ordinary shares 31.12.00	1.1.00	Preference shares 31.12.00	1.1.00
Sir Nigel Mobbs	**71,804**	71,804	**26,484**	26,484
Sir Nigel Mobbs, D E F Simons, D R Wilson and Sir Gordon Jewkes (as Trustees of the Profit Sharing Scheme)	**456,803**	422,799	—	—

The Trustees of the Profit Sharing Scheme did not sell any shares between 31 December 2000 and 20 March 2001.

Directors' other interests

Mr P D Orchard-Lisle was a senior partner of Healey & Baker until 14 September 1999. He retired from that position on that date and now has no interest in the firm's affairs. He is however Chairman and Chief Executive of the associated business of Healey & Baker Investment Advisors Inc and Chairman of Healey & Baker Financial Limited. Healey & Baker has continued to act throughout the year as one of the Group's property advisors and as such has received fees for its service on normal professional terms. The Group has not paid any fees to either Healey & Baker Investment Advisors Inc or Healey & Baker Financial Limited during the period under review.

Mr D Kramer is the non-executive Chairman of Slough Estates USA, Inc. and a director of Draper & Kramer Inc. which has provided professional and management services to businesses in which the Group has an interest and has received fees for its services on normal professional terms. Mr Kramer is a non-executive director of the Tipperary Corporation and at 31 December 2000 held 40,000 Tipperary shares.

Executive Share Option Schemes

Executive directors participate in the Executive Share Option Schemes (the Approved 1994 Scheme and the Unapproved 1994 No. 2 Scheme). The Remuneration Committee has 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 71 people who have options outstanding under the Executive Share Option Schemes.

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

	Opening Balance 1.1.00	Lapsed	Granted	Exercised	Closing Balance 31.12.00	Average Exercise Price p	Value of Share Options where the Market Price exceeds Option Price at 29.12.00 411p £
Sir Nigel Mobbs	65,530	Nil	Nil	Nil	65,530	381.5	19,331
D R Wilson	196,448	Nil	50,669	26,360	220,757	325.12	189,586
J A N Heawood	152,333	Nil	39,410	Nil	191,743	296.87	218,828
R D Kingston	107,689	Nil	61,392	Nil	169,081	303.79	181,263
M D Lees	156,238	Nil	41,174	40,000	157,412	286.15	196,520
D E F Simons	98,555	Nil	Nil	57,988	40,567	359.90	20,730

During the year, the share price ranged between a high of 411p and a low of 248p. The price on 29 December 2000 was 411p.

Options exercised during 2000

	No. of Options Exercised	Average Exercise Price p	Market Value on Exercise £	Gain on Exercise of Options £	No. of Shares Retained
D R Wilson	26,360	217.38	103,199	45,898	Nil
M D Lees	40,000	210.50	155,700	71,500	Nil
D E F Simons	57,988	229.64	232,532	99,368	Nil

The exercise periods for options outstanding are up to 26 March 2007.

Full details of the above are contained in the Register of Directors' Interests.

Options granted under the Approved 1994 Scheme may be exercised after three years and before ten years, and after three years and before seven years under the Unapproved 1994 No. 2 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 29 December 2000.

Mr M D Lees has an option for 25,000 shares, which was granted on 26 August 1997, in the Tipperary Corporation (in which the company has a 53.2% equity interest) at a price of US$4.25 exercisable as of 26 August 2000. No options have been exercised.

Long Term Share Incentive Scheme

A Long Term Share Incentive Scheme which is operated by the independent Trustees of the Slough Estates plc 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 adjusted diluted 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 below.

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

		1998 - 2000	
	Vesting	Earnings per share	Net assets per share
Low hurdle	20%	4.0% p.a.	4.0% p.a.
High hurdle	100%	11.0% p.a.	8.0% 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 2000 in respect of executive directors was £417,657 (1999 £352,244).

Vesting of shares from 1997 Allocation and proposed vesting from 1998 Allocation

In April 2000, there was a vesting of shares from the Long Term Share Incentive Scheme allocation made in April 1997. The vesting was 100% of the 1997 allocation. The number of shares vested to each director was as follows:

	Number of Shares		Value of Gross Benefit
	Gross	Net Vested	£000
Sir Nigel Mobbs	37,195	37,195	128
D R Wilson	25,479	15,258	88
J A N Heawood	10,452	6,260	36
R D Kingston	10,452	6,260	36
M D Lees	12,807	7,670	44
D E F Simons	10,191	6,103	35

The market price of the shares on the date of vesting was 344p. The Trustees purchased the shares at a price of 287p in April 1997.

Under current tax legislation the independent Trustees are responsible for the collection of the income tax due on the vesting. The difference between the gross and the net figures is the number of shares sold by the Trustees to meet the individual director's tax liability, unless the director has accounted for the tax to the company personally.

The directors' interest in shares under the Long Term Share Incentive Scheme are included in the table on page 57.

In April 2001, there will be a vesting of shares from the Long Term Share Incentive Scheme allocation made in April 1998. The vesting will be 100% of the 1998 allocation. The number of shares to be vested to each director is as follows: Sir Nigel Mobbs 29,534 shares, J A N Heawood 8,186 shares, R D Kingston 8,501 shares, M D Lees 10,876 shares, D E F Simons 7,871 shares and D R Wilson 20,056 shares.

SAYE Share Option Scheme

The company has operated an approved SAYE Share Option Scheme since 1981. Savings contracts can be for a three, five or seven year period.

The following are details of the options held by the directors:

	Date of grant	Maturity date	Option price p	Number of shares
R D Kingston	22.4.96	7.5.2003	160.99	12,112
J A N Heawood	03.9.98	1.10.2005	246.00	7,926
D E F Simons	22.4.96	7.5.2003	160.99	12,112
D R Wilson	22.4.96	7.5.2001	160.99	10,714

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 2,189 shares (1999 2,370 shares) to each of the following: Sir Nigel Mobbs, D R Wilson, J A N Heawood, R D Kingston, D E F Simons. The market value per share for the purposes of the Scheme was 365.3p per share (1999 337.5p per share). The shares, which are included in the directors' beneficial interests in shares shown on page 55, are held by the Trustees of the Scheme on behalf of a participant for a period of three years from the date of appropriation before being released to the participant.

Statement of the Directors' responsibilities

For the preparation of financial statements

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.

The directors are responsible for maintaining the integrity of the financial information, including the Annual Report, on the Slough Estates plc website.

Independent Auditors' Report

to the members of Slough Estates plc

We have audited the financial statements on pages 62 to 83.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 58, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on page 60 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the company's or Group's corporate governance procedures or its risks and control procedures.

Basis of audit 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 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Reading
20 March 2001

The Combined Code

and Slough Estates plc's Statement of Adherence

The company has complied with all relevant aspects of the Principles and Best Practice Provisions of Section 1 of the Combined Code for all of 2000.

The company's Corporate Governance Guidelines are published on pages 36 and 37 of the 2000 Report and Accounts.

DIRECTORS

The Board

The Board of Directors is responsible to the shareholders for the Group's management and internal financial control systems and represents their interests in maintaining and growing a successful business.

Chairman and CEO

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

Board balance

In addition to the Chairman, there are five executive directors and there are six non-executive directors. Biographies of the board members appear on pages 44 and 45.

The Board considers that all the non-executive directors, with the exception of Mr D Kramer, are independent as they are free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Supply of information

Board meetings are held on a regular monthly basis and there is a defined schedule of matters reserved for decisions by the Board.

The Board receives timely advice on all material information about the company, its subsidiaries, its activities, performance and its projects, particularly including any significant variances from a planned course of progress.

Appointments to the Board

A Nomination Committee comprising a majority of the non-executive directors has responsibility for making recommendations for new appointments to the Board.

The Board as a whole is responsible for the procedure of agreeing to the appointment of its own members and for nominating them for election by the shareholders on first appointment.

Independent professional advice

There is an agreed procedure for directors to take independent professional advice and they have complete access to senior management.

Re-election

All directors are subject to periodic re-appointment by the shareholders at three yearly intervals.

DIRECTORS' REMUNERATION

Disclosure

The company's policy regarding the level and make-up of remuneration, the remuneration policy, service contracts, compensation and interest in shares are set out in the Remuneration Committee Report on pages 53 to 58.

RELATIONS WITH SHAREHOLDERS

Dialogue with institutional shareholders

The Chairman, Chief Executive and designated executive directors are the company's principal spokesmen with investors, fund managers, the press and other interested parties.

The company publishes its Annual Report and Accounts and Interim Statement and also its policy statements governing ethical, environmental and personnel issues. There is regular dialogue with individual institutional shareholders.

Constructive use of the Annual General Meeting

At the Annual General Meeting, investors are given the opportunity to question the Board and to meet with them afterwards. They are encouraged to participate in the Meeting.

Photographic displays and literature are available to illustrate the company's developments.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Board believes that it presents a balanced and understandable assessment of the company's position and prospects.

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.

Internal control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness.

The Board established with effect from January 2000 the procedures necessary to implement the Turnbull guidance "Internal Control – Guidance for Directors on the Combined Code". An ongoing process for identifying, evaluating and managing the significant risks faced by the Group was consequently in place throughout 2000 and to the date of approval of the annual report and accounts. The executive directors and senior operational management are responsible for identifying key risks and assessing their likelihood and impact through formal processes at both Group and subsidiary levels. The controls that are in place to manage these significant risks in each unit have been identified within a comprehensive control framework and an assessment has been made of the effectiveness of these controls. A full risk assessment was completed in January 2000, which has been updated and reported to the Board quarterly. A complete risk and control assessment was undertaken before reporting on the year ending 31 December 2000.

During 2000 the Board had discharged its responsibility for internal 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 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 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 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 are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Audit Committee and Auditors

An Audit Committee has been in place since 1990 and it meets twice a year with the Auditors.

The Committee comprises all the UK resident non-executive directors under the Chairmanship of Mr R D C Hubbard.

Accounting Policies

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, associates and joint ventures has been adjusted to reflect the underlying net asset values (see note 12).

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.

Accounting Standards

The Group has adopted, for the preparation of the 2000 financial statements, the requirements of Financial Reporting Standard (FRS) 15 (Tangible Fixed Assets) and FRS 16 (Current Tax).

The adoption of these two new reporting Standards has not had a material impact on the Group's results.

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 losses and reserves of associates and joint ventures.

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

The Group's completed investment properties and land held for or under development were externally valued as at 31 December by Insignia Richard Ellis or Conrad Colliers Ritblat Erdman or C B Hillier Parker in the United Kingdom, in the USA by Realty Services International, Inc., in Canada by Fish Marks Jenkins or Nilsen Realty Research Ltd, in Belgium by King Sturge, in France by Bourdais Expertises s.a., and in Germany by FPD Savills GmbH.

The 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. The valuers have made the normal deductions for hypothetical purchasers' costs in arriving at their valuations in the UK. 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 SSAP 19, 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, construction work in progress and major construction programmes for the Utilities plant are capitalised during the period of development.

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, excluding trading properties, 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 or where a liability is not expected to crystallise. 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.

Group profit and loss account

For the year ended 31 December 2000

	Note	2000 £m	1999 £m
Turnover:			
Group	1	281.3	271.7
Joint ventures	1	14.9	11.1
Operating income:			
Property investment	1	196.7	182.6
Property trading	1	6.7	6.1
Utilities	1	(3.6)	(3.7)
Other income	2	5.4	6.3
Administration expenses	3	(12.9)	(12.5)
Operating profit		192.3	178.8
Share of operating profit/(loss) of joint ventures and associates			
— property		14.0	9.6
— other		0.2	(0.3)
	4	14.2	9.3
Profit on sale of investment properties	5	0.6	12.2
Profit before interest and taxation		207.1	200.3
Interest (net)	6	(78.2)	(72.3)
Profit on ordinary activities before taxation		128.9	128.0
Taxation	7	(10.3)	(14.6)
Profit on ordinary activities after taxation		118.6	113.4
Minority interests — equity		(0.5)	(1.0)
Preference dividends	8	(11.6)	(11.6)
Profit attributable to ordinary shareholders		106.5	100.8
Ordinary dividends	8	(50.0)	(46.2)
Retained profit	15	56.5	54.6
Basic earnings per ordinary share	9	25.8p	24.6p
Adjustment for profits and losses on sale of investment properties net of tax and minority		(0.1p)	(2.9p)
Adjusted basic earnings per ordinary share	9	25.7p	21.7p
Diluted earnings per ordinary share	9	25.3p	24.6p

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

Statement of Group total recognised gains and losses

For the year ended 31 December 2000

	£m	2000 £m	£m	1999 £m
Profit attributable to ordinary shareholders		106.5		100.8
Surplus on revaluation of properties	247.5		227.9	
Surplus/(deficit) on revaluation of — Joint ventures	6.5		31.4	
— Associates	0.3		(0.1)	
		254.3		259.2
Exchange differences	12.5		(0.5)	
Other items	(0.5)		(0.3)	
Taxation	(0.5)		(2.1)	
Minority interests	(4.2)		(2.6)	
Total other recognised gains and losses		7.3		(5.5)
Total recognised gains and losses for the year		368.1		354.5
Realised		102.8		95.7
Unrealised		265.3		258.8
		368.1		354.5

Notes of Group historical cost profits and losses

For the year ended 31 December 2000

	2000 £m	1999 £m
Reported profit on ordinary activities before taxation	128.9	128.0
Realisations of revaluation gains and losses of previous years	3.0	10.2
Historical cost profit on ordinary activities before taxation	131.9	138.2
Historical cost profit for the year after taxation, minority interests and dividends	59.0	63.8

Reconciliation of movement in Group shareholders' funds

For the year ended 31 December 2000

	2000 £m	1999 £m
Profit attributable to ordinary shareholders	106.5	100.8
Ordinary dividends	(50.0)	(46.2)
	56.5	54.6
Revaluation surpluses	254.3	259.2
Other recognised gains and losses	7.3	(5.5)
Ordinary shares issued	2.1	4.2
Net increase in shareholders' funds	320.2	312.5
Shareholders' funds at 1 January	2,106.9	1,794.4
Shareholders' funds at 31 December	2,427.1	2,106.9

Balance sheets

As at 31 December 2000

	Note	Group 2000 £m	Group 1999 £m	Company 2000 £m	Company 1999 £m
Fixed assets					
Tangible assets — properties	10	**3,463.8**	2,935.4	–	–
— other	11	**79.7**	63.7	–	–
Investments	12	–	–	**3,366.6**	2,961.6
Investments in joint ventures:					
— share of gross assets		**229.9**	220.1	**58.5**	54.1
— share of gross liabilities		**(42.2)**	(41.7)	**(22.4)**	(21.4)
	12	**187.7**	178.4	**36.1**	32.7
Investments in associates	12	**4.1**	3.3	–	–
		3,735.3	3,180.8	**3,402.7**	2,994.3
Current assets					
Stocks	13	**106.4**	92.0	–	–
Debtors	13	**41.3**	43.0	**57.4**	105.0
Trading investments	13	**38.9**	34.1	–	–
Assets held for resale	13	**29.3**	27.1	–	–
Cash and deposits	13	**36.9**	59.5	–	–
		252.8	255.7	**57.4**	105.0
Prepayments and accrued income		**12.4**	12.3	**0.6**	0.6
Total assets		**4,000.5**	3,448.8	**3,460.7**	3,099.9
Capital and reserves					
Called up share capital	14	**138.6**	138.5	**138.6**	138.5
Share premium account	15	**327.3**	325.3	**327.3**	325.3
Capital reserves	15	**1,642.5**	1,385.5	**1,757.7**	1,556.7
Profit and loss account	15	**318.7**	257.6	**203.5**	86.4
Shareholders' funds		**2,427.1**	2,106.9	**2,427.1**	2,106.9
Minority interests — equity		**21.1**	14.8	–	–
— non-equity		**0.3**	0.3	–	–
Provisions for liabilities and charges	17	**6.2**	4.8	**2.0**	0.8
Creditors falling due within one year					
Borrowings	18	**54.6**	89.7	**0.2**	21.4
Other	19	**197.9**	163.5	**68.9**	69.2
Creditors falling due after more than one year					
Borrowings	18	**1,289.9**	1,059.7	**887.6**	792.6
Other	19	**3.4**	9.1	**74.9**	109.0
		4,000.5	3,448.8	**3,460.7**	3,099.9
Shareholders' funds attributable to:					
Equity shareholders — ordinary shares		**2,286.8**	1,965.8	**2,286.8**	1,965.8
Non-equity shareholders — preference shares		**140.3**	141.1	**140.3**	141.1
		2,427.1	2,106.9	**2,427.1**	2,106.9
Net assets per ordinary share – basic	9	**553p**	476p		
Net assets per ordinary share – fully diluted	9	**520p**	452p		

The financial statements on pages 62 to 83 inclusive were approved by the Board of directors on 20 March 2001 and signed on its behalf by:

Sir Nigel Mobbs
D R Wilson
Directors

Group cash flow statement

For the year ended 31 December 2000

	Note	£m	2000 £m	£m	1999 £m
Net cash inflow from operating activities	20(1)		179.6		171.2
Dividends from joint ventures and associates			8.3		4.2
Returns on investments and servicing of finance					
Interest received		5.6		5.3	
Interest paid		(99.9)		(88.3)	
Dividends paid to preference and minority shareholders		(12.1)		(11.9)	
			(106.4)		(94.9)
Taxation			(4.3)		(17.2)
Capital expenditure and financial investment					
Purchase and development of investment properties		(264.4)		(181.0)	
Purchase of other fixed assets		(15.8)		(6.7)	
Purchase of trading investments		(8.5)		(17.9)	
Purchase of assets held for resale		(8.2)		–	
Sales of investment properties		49.6		166.8	
Sales of other fixed assets		0.2		0.3	
Sales of trading investments		9.2		32.8	
Sale of assets held for resale		11.6		–	
			(226.3)		(5.7)
Acquisitions and disposals					
Purchase of subsidiary undertakings (net of cash and bank overdrafts acquired)	20(2)	(0.1)		(5.4)	
Settlement of accrued consideration	20(3)	–		(6.4)	
Investment in joint ventures		(1.4)		(9.9)	
Loans to joint ventures and others		(0.5)		(1.5)	
Repayment of loans by joint ventures and others		–		8.6	
Disposal of associate		–		7.6	
Acquisition of minority interests		(2.6)		–	
Contribution from minorities		1.6		–	
			(3.0)		(7.0)
Equity dividends paid			(47.5)		(43.9)
Net cash (outflow)/inflow before use of liquid resources and financing			(199.6)		6.7
Management of liquid resources	20(4)				
Investment in term deposits		14.0		23.8	
Net cash inflow from the management of liquid resources			14.0		23.8
Financing					
Issue of ordinary shares	20(5)	2.1		2.0	
Increase/(decrease) in debt	20(6)	174.3		(14.8)	
Cash inflow/(outflow) from financing			176.4		(12.8)
(Decrease)/increase in cash			(9.2)		17.7

Notes to the financial statements

1 Segmental information and operating profit

	Turnover		Operating profit		Profit before tax		Net assets	
	2000 £m	1999 £m	2000 £m	1999 £m	2000 £m	1999 £m	2000 £m	1999 £m
Business segments:								
Property investment	216.4	200.0	196.7	182.6	210.7	192.2	3,585.4	3,062.5
Property trading	42.9	49.7	6.7	6.1	6.7	6.1	95.3	83.5
Utilities	22.0	22.0	(3.6)	(3.7)	(3.4)	(4.0)	78.5	66.9
Other activities	–	–	5.4	6.3	5.4	6.3	57.3	54.2
Profit on sale of investment properties	–	–	–	–	0.6	12.2	–	–
Net interest/net borrowings	–	–	–	–	(78.2)	(72.3)	(1,307.6)	(1,089.9)
Common costs/ common net liabilities	–	–	(12.9)	(12.5)	(12.9)	(12.5)	(81.8)	(70.3)
	281.3	271.7	192.3	178.8	128.9	128.0	2,427.1	2,106.9
Geographical segments:								
United Kingdom	179.6	194.7	137.8	145.6	148.4	161.4	2,837.9	2,551.2
Canada	14.5	11.5	10.1	7.5	10.2	7.5	173.7	150.1
USA	37.2	36.4	23.9	13.9	27.9	18.2	520.2	349.6
Europe	50.0	29.1	20.5	11.8	20.6	13.2	233.5	174.0
Net interest/net borrowings	–	–	–	–	(78.2)	(72.3)	(1,307.6)	(1,089.9)
Common net liabilities	–	–	–	–	–	–	(30.6)	(28.1)
	281.3	271.7	192.3	178.8	128.9	128.0	2,427.1	2,106.9

Joint ventures (Group share)	Turnover		Share of assets		Share of liabilities		Net investment	
	2000 £m	1999 £m	2000 £m	1999 £m	2000 £m	1999 £m	2000 £m	1999 £m
Business segments:								
Property investment – property	14.9	10.4	218.5	209.7	(42.2)	(41.5)	176.3	168.2
– other	–	0.7	11.4	10.4	–	(0.2)	11.4	10.2
	14.9	11.1	229.9	220.1	(42.2)	(41.7)	187.7	178.4
Geographical segments:								
United Kingdom	10.9	7.3	191.3	188.1	(25.8)	(25.7)	165.5	162.4
USA	4.0	3.8	38.6	32.0	(16.4)	(16.0)	22.2	16.0
	14.9	11.1	229.9	220.1	(42.2)	(41.7)	187.7	178.4

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:		2000 £m	1999 £m
a) Property investment:	Rents and recharges		
	– UK	157.4	156.9
	– Canada	14.5	11.5
	– USA	30.7	21.2
	– Europe	13.8	10.4
		216.4	200.0
	Ground rents payable	(0.9)	(1.5)
	Other property outgoings	(18.8)	(15.9)
		196.7	182.6

1 Segmental information and operating profit continued

		2000 £m	1999 £m
b) Property trading:	Sales	42.9	49.7
	Cost of sales	(36.2)	(43.6)
		6.7	6.1
c) Utilities:	Sales	22.0	22.0
	Cost of sales	(20.7)	(21.2)
	Depreciation	(4.9)	(4.5)
		(3.6)	(3.7)

2 Other income

	2000 £m	1999 £m
Net profit on trading investments	4.6	6.1
Dividends received from investments	0.2	0.1
Other	0.6	0.1
	5.4	6.3

3 Administration expenses

	2000 £m	1999 £m
Directors' remuneration	1.8	1.8
Depreciation of tangible fixed assets	0.7	0.7
Auditors' remuneration	0.6	0.6
Other administration costs	9.8	9.4
	12.9	12.5

Fees paid to the auditors, PricewaterhouseCoopers, in the United Kingdom during the year in respect of non-audit appointments were £0.1 million (1999 £0.1 million).

	Property management £m	Utilities £m	Total 2000 £m	Total 1999 £m
Employees' staff costs were:				
Wages and salaries	14.4	5.4	19.8	18.0
Social security costs	1.5	0.5	2.0	1.8
Pension contributions (see note 22)	1.8	0.8	2.6	2.5
	17.7	6.7	24.4	22.3

The average number of employees of the Group was 551 (1999 515) of which 404 (1999 398) were engaged in property development, management and general administration and 147 (1999 117) were engaged in utilities. The average number of employees in the UK amounted to 471 (1999 441).

Disclosures required by the Companies Act 1985 on directors' remuneration, including salaries, share options, pension contributions and pension entitlements and those specified by the Financial Services Authority are included on pages 53 to 58 in the Remuneration Committee Report and form part of these financial statements.

4 Share of operating profit/(loss) of joint ventures and associates

	2000 £m	1999 £m
Joint ventures	13.5	8.7
Associates	0.7	0.6
	14.2	9.3
Analysed between:		
Property	14.0	9.6
Other	0.2	(0.3)
	14.2	9.3

5 Profit on sale of investment properties

	2000 £m	1999 £m
Investment properties	0.6	11.7
Associate	–	0.5
	0.6	12.2

6 Interest (net)

	2000 £m	1999 £m
Group:		
On bank loans and overdrafts	18.0	21.2
On other loans	85.1	74.1
	103.1	95.3
Less interest received	(5.9)	(4.9)
Less amount charged to: the development of trading properties	(1.3)	(1.7)
: the development of investment properties	(20.5)	(20.3)
: the development of Utilities plant	(0.5)	–
Charged to profit and loss account – Group	74.9	68.4
– Joint ventures	3.1	3.7
– Associates	0.2	0.2
	78.2	72.3

7 Taxation

	2000 £m	1999 £m
Provision for taxation based on profits for the year		
United Kingdom		
Corporation tax charge at 30 per cent (1999 30.25 per cent)	15.4	22.5
Advance corporation tax written back	(5.5)	(6.4)
Over provision in earlier years	(8.2)	(2.8)
Deferred tax charge	1.2	0.3
	2.9	13.6
Overseas		
Current tax charge	6.6	1.1
Tax on sale of investment properties	0.1	0.5
Deferred tax charge/(credit)	0.7	(0.6)
	10.3	14.6

The tax charge has been reduced by advance corporation tax recovered, the utilisation of capital allowances and deferred interest relief, interest capitalised and overseas tax losses.

8 Dividends

	2000 £m	1999 £m
Preference dividends		
Dividend paid to 1 September	7.7	7.7
Dividend accrued for period from 2 September to 31 December	3.9	3.9
	11.6	11.6
Ordinary dividends		
Interim dividend at 4.7p per share (1999 4.4p)	19.4	18.1
Proposed final dividend at 7.4p per share (1999 6.8p)	30.6	28.1
	50.0	46.2

9 Earnings, capital surplus and net assets per ordinary share

			Basic		Fully diluted	
			2000	1999	2000	1999
The earnings, capital surplus and net assets per ordinary share have been calculated as follows:						
Profit attributable to ordinary shareholders	(a)	£m	106.5	100.8	118.1	100.8
Profit attributable to ordinary shareholders excluding profits and losses on sale of investment properties	(b)	£m	106.0	89.1	117.6	89.1
Capital surplus	(c)	£m	261.6	253.7	261.6	253.7
Average of shares in issue during the year	(d)	shares m	413.3	409.8	466.3	410.6
Earnings per share (a) ÷ (d)		pence	25.8	24.6	25.3	24.6
Earnings per share excluding profits and losses on sale of investment properties (b) ÷ (d)		pence	25.7	21.7	25.2	21.7
Capital surplus per share		pence	63.3	61.9	56.1	54.8
Equity attributable to ordinary shareholders	(e)	£m	2,286.8	1,965.8	2,427.1	2,106.9
Shares in issue at the end of the year	(f)	shares m	413.9	412.8	466.9	465.9
Net assets per share (e) ÷ (f)		pence	553	476	520	452

	2000 m	1999 m
Average of shares in issue during the year	413.3	409.8
Adjustment for the dilutive effect of employee share options, save as you earn schemes and preference shares	53.0	0.8
Average of shares in issue during the year diluted	466.3	410.6

In 1999 the anti-dilutive effect of the preference shares was excluded from the diluted earnings per share calculation. In 2000 the effect is dilutive and therefore the preference shares are included in the 2000 diluted calculation.

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 disclosures required by FRS3, since in the opinion of the directors this gives shareholders a more meaningful measure of performance.

10 Tangible assets - investment properties

	UK £m	Canada £m	USA £m	Europe £m	Total £m
At 1 January 2000	2,375.7	151.7	259.9	148.1	2,935.4
Exchange movement	–	6.8	20.9	1.6	29.3
Additions	120.8	19.0	116.9	43.9	300.6
Disposals	(43.0)	(4.5)	(0.8)	(0.7)	(49.0)
Surplus on valuation	200.4	0.5	28.5	18.1	247.5
At 31 December 2000	2,653.9	173.5	425.4	211.0	3,463.8
Completed properties	2,394.3	150.3	321.9	182.5	3,049.0
Properties for or under development	259.6	23.2	103.5	28.5	414.8
	2,653.9	173.5	425.4	211.0	3,463.8

	2000 £m	1999 £m
Properties held at valuation – cost	**1,974.5**	1,736.5
– valuation surplus	**1,394.7**	1,146.4
	3,369.2	2,882.9
Properties held at cost	**94.6**	52.5
	3,463.8	2,935.4

The above assets include long term leaseholds valued at £209.6 million (1999 £202.3 million).

The Group's completed investment properties and land held for development were externally valued as at 31 December 2000, in accordance with the accounting policies, by Insignia Richard Ellis or Conrad Colliers Ritblat Erdman or C B Hillier Parker in the United Kingdom, in the USA by Realty Services International, Inc., in Canada by Fish Marks Jenkins or Nilsen Realty Research Ltd, in Belgium by King Sturge, in France by Bourdais Expertises s.a. and in Germany by FPD Savills GmbH.

11 Tangible assets - other

	Cost £m	Depreciation £m	Net £m
At 1 January 2000	109.2	(45.5)	63.7
Additions	21.8	(5.6)	16.2
Fully depreciated and written off	(3.1)	3.1	–
Disposals	(0.8)	0.6	(0.2)
At 31 December 2000	127.1	(47.4)	79.7

The net book value includes utilities plant and equipment amounting to £77.7 million (1999 £61.5 million).

12 Investments

	Associates £m	Joint Ventures £m	Total 2000 £m	Total 1999 £m
Group				
Cost or valuation at 1 January 2000	3.3	178.4	181.7	151.0
Exchange movement	0.2	1.3	1.5	0.9
Net additions	–	1.4	1.4	4.4
Disposal	–	–	–	(7.1)
Reduction on joint venture becoming a subsidiary	–	(2.3)	(2.3)	–
Dividends received	(0.2)	(8.0)	(8.2)	(4.2)
Valuation surplus	0.3	6.5	6.8	31.3
Share of profits net of taxation	0.5	10.4	10.9	5.4
Cost or valuation at 31 December 2000	4.1	187.7	191.8	181.7
Analysed as follows:				
Cost less amounts written off	1.2	98.1	99.3	100.3
Valuation surplus	2.5	87.6	90.1	82.6
Share of profits/(losses)	0.4	2.0	2.4	(1.2)
	4.1	187.7	191.8	181.7

	Joint Venture Investments £m	Subsidiaries Shares £m	Subsidiaries Loans £m	Total 2000 £m
Company				
Cost or valuation at 1 January 2000	32.7	2,378.7	582.9	2,994.3
Net additions	–	(0.2)	207.2	207.0
Valuation surplus	3.4	198.0	–	201.4
Cost or valuation at 31 December 2000	36.1	2,576.5	790.1	3,402.7

Company investments comprise investments at cost less amounts written off of £2,233.6 million (1999 £2,026.6 million) and valuation surplus of £1,169.1 million (1999 £967.7 million).

The principal undertakings at 31 December 2000 are listed below (all equity holdings unless otherwise stated).

Property	Country of incorporation	Subsidiaries % holding	Joint Ventures % holding
* Slough Properties Limited	England	100	
* Slough Trading Estate Limited	England	100	
* Allnatt London Properties PLC	England	100	
* Bilton p.l.c.	England	100	
* Bredero Properties Plc	England	Ordinary 96.6	
		Preference 100	
The Buchanan Partnership	England		50
Cambridge Research Park Limited	England	100	
* Lewisham Investment Partnership Limited	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	
Slough Estates Canada Limited	Canada	99.9	
Slough Estates USA Inc.	USA	100	
Quail West, Ltd.	USA	75	
Slough Management N.V.	Belgium	100	
Slough Properties N.V.	Belgium	100	
Slough Developments (France) SA	France	100	
Kingswood Ascot Properties Investments Limited	England	100	
The Bishop Centre Limited	England	100	
Farnborough Business Park Limited	England	100	
Real Estate and Commercial Trust Limited	England	100	

12 Investments continued

Service	Country of incorporation	Subsidiaries % holding	Joint Ventures % holding
* Slough Estates Administration Limited	England	100	
* Slough Estates Finance plc	England	100	
Other			
Slough Heat & Power Limited	England	100	
* Kwacker Limited	England	100	

* 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.

The Group undertakes a number of immaterial transactions in the normal course of business with its associates and joint ventures.

Details of bank guarantees given in respect of joint venture companies are shown in note 23 to the financial statements.

13 Current assets

	Group 2000 £m	Group 1999 £m
Stocks		
Trading properties – completed properties	82.1	59.7
– properties under development	22.9	29.4
	105.0	89.1
Utilities stock	1.4	2.9
	106.4	92.0

Net rental income earned on trading properties is deducted from the cost of development. Net rental income for 2000 was £1.1 million (1999 £1.2 million).

	Group 2000 £m	Group 1999 £m	Company 2000 £m	Company 1999 £m
Debtors (receivable in less than one year)				
Trade debtors	23.6	20.4	–	–
Dividends receivable from subsidiaries	–	–	51.0	89.7
Other debtors	11.3	9.4	3.2	4.4
ACT recoverable	0.9	5.6	0.8	5.5
Other tax recoverable	4.3	3.9	2.4	3.0
	40.1	39.3	57.4	102.6
Debtors (receivable in more than one year)				
Other debtors	1.2	1.3	–	–
Tax recoverable	–	2.4	–	2.4
	41.3	43.0	57.4	105.0
Trading investments				
Shares – listed (market value £9.5 million)	2.3	2.7	–	–
– unlisted	36.6	31.4	–	–
	38.9	34.1	–	–
Assets held for resale				
Oil and gas investments in USA and Australia	29.3	27.1		
Cash and deposits				
Tax reserve certificates	–	0.1		
Cash and short term deposits	36.9	59.4		
	36.9	59.5		

14 Share capital

	Authorised		Issued and fully paid	
	Shares m	£m	Shares m	£m
Ordinary shares of 25p each				
At 1 January 2000	586.4	146.6	412.8	103.2
Shares issued during the year	–	–	1.1	0.3
At 31 December 2000	586.4	146.6	413.9	103.5
Cumulative redeemable convertible preference shares of 25p each				
At 1 January 2000	141.6	35.4	141.1	35.3
Conversions during the year	–	–	(0.8)	(0.2)
At 31 December 2000	141.6	35.4	140.3	35.1

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 2001 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 52,021,674 ordinary shares.

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

The market value of the preference shares at 31 December 2000 was £226.9 million and £215.4 million at 20 March 2001. The Group considers the fair value to be equal to the book value of £140.3 million.

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

Profit sharing scheme 174,423 ordinary shares were subscribed in cash at a price of 365.3p per share and were issued to the trustees and allocated at that price to eligible employees under the profit sharing scheme.

Share option schemes 629,574 ordinary shares were subscribed in cash following the exercise of employees' options under the share option schemes. The consideration received by the company was £1,453,817.

Conversions During the year 276,374 ordinary shares were issued, credited as fully paid following the conversion of, and in satisfaction of 745,360 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 204,218 and 59,135 ordinary shares at subscription prices of 249.6p and 313.6p per share respectively.

Executive share option scheme 941,724 ordinary shares at a subscription price of 352.0p per share.

Profit sharing scheme Sir Nigel Mobbs, Sir Gordon Jewkes and Messrs. Wilson and Simons are trustees of the Slough Estates plc profit sharing scheme which was approved by the shareholders on 21 May 1980. At 20 March 2001 the number of shares held under the scheme was 456,803 ordinary shares. The interests stated in the 456,803 ordinary shares shown in the table on page 56 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. Wilson and Simons and which are included in their beneficial holdings in the table shown on page 55.

Executive share option schemes 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 20 March 2001 the number of ordinary shares under option was 204,032 at option prices ranging from 210.5p to 403.66p expiring on 26 March 2010.

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 seven years from the date of the grant of the option. At 20 March 2001 the number of ordinary shares under option was 1,996,295 at option prices ranging from 210.5p to 403.66p expiring on 26 March 2007.

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 three or five or seven years after the date of the grant of the option. At 20 March 2001 the number of ordinary shares under option was 1,058,982 at option prices ranging from 160.99p to 328.0p expiring on various dates up to 1 October 2007.

15 Reserves

	Share premium account £m	Capital reserve unrealised £m	Capital reserve realised £m	Profit and loss £m	Total £m
Group					
Balance at 1 January 2000	325.3	1,256.1	129.4	257.6	1,968.4
Realisation of revaluation gains and losses of previous years	–	(3.0)	3.0	–	–
Revaluation surpluses	–	254.3	–	–	254.3
Other recognised gains and losses (see page 65)	–	5.9	(3.7)	5.1	7.3
Retained profit for the year	–	–	–	56.5	56.5
Shares issued	2.0	–	–	–	2.0
Reserve transfer	–	(5.6)	6.1	(0.5)	–
Balance at 31 December 2000	327.3	1,507.7	134.8	318.7	2,288.5

	2000 £m	1999 £m
Retained profit/(deficit) for the year		
Holding company	**117.1**	3.1
Subsidiaries	**(63.3)**	50.3
Associates and joint ventures	**2.7**	1.2
	56.5	54.6

	Share premium account £m	Capital reserve unrealised £m	Capital reserve realised £m	Profit and loss £m	Total £m
Company					
Balance at 1 January 2000	325.3	1,018.8	537.9	86.4	1,968.4
Retained profit for the year	–	–	–	117.1	117.1
Revaluation surpluses	–	201.4	–	–	201.4
Shares issued	2.0	–	–	–	2.0
Other	–	–	(0.4)	–	(0.4)
Reserve transfer	–	(3.7)	3.7	–	–
Balance at 31 December 2000	327.3	1,216.5	541.2	203.5	2,288.5

No provision has been made for taxes that may become payable should overseas profits be remitted as there is no current intention to distribute these profits.

As permitted by the Companies Act 1985, the profit and loss account of the parent company has not been presented separately in these financial statements. The profit for the year attributable to ordinary shareholders of the parent company is £167.1 million (1999 £49.3 million).

16 Commitments

	2000 £m	1999 £m
a) Capital expenditure commitments		
Property – UK	18.7	14.3
– Overseas	102.9	48.4
Utilities	11.5	0.1
Other activities	14.7	21.6
	147.8	84.4

b) Operating leases

At 31 December 2000 the Group had annual commitments in respect of operating leases relating to land and buildings as follows:

	2000 £m	1999 £m
Leases which expire:		
Within two to five years	1.3	–
After five years	0.3	1.6
	1.6	1.6

17 Provisions for liabilities and charges

	Deferred tax £m	Other liabilities £m	Total £m
Group			
Balance at 1 January 2000	0.8	4.0	4.8
Charged to profit and loss account	1.9	0.1	2.0
Paid	–	(0.6)	(0.6)
Balance at 31 December 2000	2.7	3.5	6.2
Company			
Balance at 1 January 2000	0.8	–	0.8
Charged to profit and loss account	1.2	–	1.2
Balance at 31 December 2000	2.0	–	2.0

Deferred tax relates to UK and overseas timing differences and is provided at 30 per cent (1999 30 per cent) in the UK and at local rates overseas, relating to trading properties.

The other liabilities relate principally to provisions for onerous leases on rented properties.

No provision has been made for taxation estimated at £329.0 million (1999 £261.0 million) which might become payable if the Group's properties and plant were sold at their book value.

18 Borrowings

	Group		Company	
	2000 £m	1999 £m	2000 £m	1999 £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
Currency first mortgages on overseas properties:				
Canadian dollars from 6.8% to 12% to 2014	27.6	27.0	–	–
US dollars 6.83% to 7.51% 2007 to 2017	79.9	76.8	–	–
French francs 5.14% to 6.36% 2014	15.3	11.1	–	–
French francs first mortgage variable rate	–	4.1	–	–
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
7.125% bonds 2010	123.9	123.8	123.9	123.8
11.625% bonds 2012	100.0	100.0	100.0	100.0
6.25% bonds 2015	147.6	147.5	147.6	147.5
10% bonds 2017	98.3	98.2	98.3	98.2
6.75% bonds 2024	220.2	–	220.2	–
8.09% US dollar Notes 2015	6.7	–	–	–
8.0% US dollar Notes 2012	29.2	–	–	–
7.94% US dollar Notes 2010	61.4	–	–	–
9.27% Canadian dollar Notes 2010	11.2	10.7	–	–
7.84% US dollar Notes 2008	10.1	–	–	–
7.58% US dollar Notes 2007	13.4	11.7	–	–
Long term loan 2010	18.9	–	–	–
Bank loans scheduled for renewal in over five years	–	6.7	–	–
	1,085.6	739.5	811.9	591.4
Less instalments due in less than five years	(27.2)	(20.5)	–	–
	1,058.4	719.0	811.9	591.4
Exchange difference on currency swaps	(1.2)	–	–	–
Payable by instalments in more than five years	114.4	98.5	–	–
Payable on final maturity date	944.0	620.5	811.9	591.4
	1,057.2	719.0	811.9	591.4
Wholly repayable between three and five years:				
Secured:				
French francs 7.23% 2003 first mortgage	1.8	2.3	–	–
US dollar first mortgage	–	4.8	–	–
Unsecured:				
Medium term loans 2001/2002	–	50.0	–	50.0
Medium term loans 2004	4.7	–	–	–
8.09% US dollar Notes 2004	40.3	45.9	–	–
Bank loans scheduled for renewal between three and five years	136.6	210.2	64.8	151.0
	183.4	313.2	64.8	201.0
Exchange difference on currency swaps	6.4	–	7.5	–
Instalments due on longer dated borrowings	17.5	13.2	–	–
Less instalments due in less than three years	(20.8)	(21.9)	–	–
	186.5	304.5	72.3	201.0

	Group 2000 £m	Group 1999 £m	Company 2000 £m	Company 1999 £m
Repayable between one and two years:				
Secured:				
Canadian dollar 10.25% first mortgage	–	0.4	–	–
7.56% Loan 2001	–	41.5	–	–
Unsecured:				
Unsecured loans	–	4.7	–	–
Loan Notes 2001	–	0.2	–	0.2
Bank loans scheduled for renewal in one to two years	30.8	–	3.4	–
	30.8	46.8	3.4	0.2
Instalments due on longer dated borrowings	15.4	15.9	–	–
Less instalments due within one year	–	(26.5)	–	–
	46.2	36.2	3.4	0.2
Total repayable in more than one year	1,289.9	1,059.7	887.6	792.6
Borrowings falling due within one year				
Secured:				
US dollar first mortgage	–	6.1	–	–
Canadian dollar 10.25% first mortgage	0.3	–	–	–
7.56% Loan 2001	18.1	–	–	–
Unsecured:				
Loan Notes 2001	0.2	–	0.2	–
Unsecured loans	1.6	34.5	–	21.4
Bank loans and overdrafts	19.3	9.3	–	–
	39.5	49.9	0.2	21.4
Instalments due on longer dated borrowings	15.1	39.8	–	–
Total repayable within one year	54.6	89.7	0.2	21.4

Financial instruments

This note contains disclosures as required under FRS13 (Derivatives and Other Financial Instruments : Disclosures) and should be read in conjunction with the objectives, policies and strategies set out in the financial review on pages 29 to 33 inclusive.

31 December 2000	Total £m	Variable rate £m	Fixed rate £m	Weighted average fixed rate %	Weighted average fixed period Years
Interest rate profile of Group debt					
Borrowings					
Sterling	736.2	51.7	684.5	8.68	14.2
US dollars	351.1	86.7	264.4	7.42	7.1
Canadian dollars	116.1	14.4	101.7	7.67	5.1
Euro currencies	141.1	84.1	57.0	5.70	6.9
Total borrowings	1,344.5*	236.9	1,107.6	8.14	13.2
Cash and deposits					
Sterling	(21.4)	(21.4)	–		
US dollars	(6.2)	(6.2)	–		
Euro currencies	(9.3)	(9.3)	–		
Total cash and deposits	(36.9)	(36.9)	–		
Net borrowings	1,307.6	200.0	1,107.6		

* Derivatives included in above analysis (see next page)

*** Derivatives included in above analysis**

£35.8m swapped into Can$85m to produce funding at 6.175% fixed to 2003
£30.3m swapped into US$50m to produce funding at 6.61% fixed to 2003
£15.2m swapped into US$25m to produce funding at 6.635% fixed to 2003
£15.9m swapped into Euro26m to produce funding at 4.54% fixed to 2003
£50m of Sterling swapped from 6.75% fixed into 3 year variable rate at LIBOR minus 0.45% until 2003
US$20m swapped into Can$27.7m to produce funding at 7% fixed to 2004
US$20m swapped into Can$27.4m to produce funding at 6.28% fixed to 2007

Variable rate borrowings attract interest at a margin over LIBOR or similar local benchmark. All cash is either on short term deposit with banks or similar institutions or is invested in corporate commercial paper. Any such bank, institution or corporate must hold at least an A1/P1 short term credit rating.

31 December 1999	Total £m	Variable rate £m	Fixed rate £m	Weighted average fixed rate %	Weighted average fixed period Years
Interest rate profile of Group debt					
Borrowings					
Sterling	690.4	52.8*	637.6	8.87	13.2
US dollars	233.8	94.9*	138.9#	7.22	5.4
Canadian dollars	111.6	61.9	49.7	8.95	9.1
Euro currencies	113.6	100.2	13.4	5.86	13.1
Total borrowings	1,149.4	309.8	839.6	8.56	11.7
Cash and deposits					
Sterling	(32.9)	(32.9)	–		
US dollars	(5.2)	(5.2)	–		
Canadian dollars	(11.1)	(11.1)	–		
Euro currencies	(10.3)	(10.3)	–		
Total cash and deposits	(59.5)	(59.5)	–		
Net borrowings	1,089.9	250.3	839.6		

\# £31 million of US dollar fixed rate debt is in respect of an interest rate swap at 6.56% which expires in 2001.

* £50 million of sterling and £31m of US dollar debt is capped at 8.00% and 8.50% respectively. As these caps are not currently triggered the underlying debt has been classified as variable rate. These caps expire in 2001.

	Group		Company	
	2000 £m	1999 £m	**2000 £m**	1999 £m
Maturity profile of Group debt				
In one year or less	**54.6**	89.7	**0.2**	21.4
In more than one year but less than two	**46.2**	36.2	**3.4**	0.2
In more than two years but less than five	**186.5**	304.5	**72.3**	201.0
In more than five years but less than ten	**356.4**	136.1	**205.8**	81.9
In more than ten years	**700.8**	582.9	**606.1**	509.5
Total Group debt	**1,344.5**	1,149.4	**887.8**	814.0
Split between secured and unsecured borrowings				
Secured (on land and buildings)	**183.0**	214.1	**40.0**	40.0
Unsecured	**1,161.5**	935.3	**847.8**	774.0
	1,344.5	1,149.4	**887.8**	814.0
Maturity profile of undrawn borrowing facilities				
In one year or less	**35.1**	28.6	**23.4**	22.3
In more than one year but less than two	**18.0**	45.1	**10.4**	23.8
In more than two years	**415.0**	331.0	**370.9**	261.0
Total available undrawn facilities	**468.1**	404.7	**404.7**	307.1

18 Borrowings continued

	Group		Group	
	Book value 2000 £m	Fair value 2000 £m	Book value 1999 £m	Fair value 1999 £m
Fair value of borrowings				
Short term fixed and variable rate borrowings (before swaps etc)	210.4	210.4	325.9	326.2
Long term fixed rate borrowings	1,128.9	1,245.3	824.9	932.5
Interest rate swaps	–	(1.4)	–	0.1
Currency swaps	5.2	3.5	(1.4)	(2.0)
	1,344.5	1,457.8	1,149.4	1,256.8
Tax relief due on early redemption/termination		(34.0)		(32.2)
Net fair value	1,344.5	1,423.8	1,149.4	1,224.6
After tax mark to market adjustment		79.3		75.2
Fair value of other financial assets and liabilities				
Cash and deposits	36.9	36.9	59.5	59.5
Trade investments	38.9	59.0	34.1	51.5
	75.8	95.9	93.6	111.0

With the exception of cash and deposits none of the above financial assets are interest bearing. There are no material debtors or creditors due more than one year.

Fair values have been collated by either:

i) Obtaining the market price of tradeable instruments

ii) Obtaining indicative quotations from banks

iii) Arriving at a net present value by using discounted cashflows

There are no material unrecognised gains or losses on instruments used for hedging.

19 Creditors - Other

	Group		Company	
	2000 £m	1999 £m	2000 £m	1999 £m
Creditors falling due within one year				
Rents in advance	35.3	34.6	–	–
Trade creditors	112.4	79.0	27.0	24.8
Taxation	15.7	17.9	7.4	12.4
Proposed ordinary dividend	30.6	28.1	30.6	28.1
Preference dividend accrued	3.9	3.9	3.9	3.9
	197.9	163.5	68.9	69.2
Creditors falling due after more than one year				
Loans from subsidiaries	–	–	74.9	109.0
Other creditors	3.4	9.1	–	–
	3.4	9.1	74.9	109.0

20 Notes to Group cash flow statement

	2000 £m	1999 £m
(1) Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	192.3	178.8
Less other income reallocated	(5.1)	(5.3)
Add back depreciation	5.6	5.2
Adjust for other non-cash items	(0.5)	–
Net rental income from trading properties	1.1	1.2
	193.4	179.9
Other movements arising from operations:		
(Increase)/decrease in stocks	(8.7)	10.8
Increase in debtors	(3.2)	(1.8)
Decrease in creditors	(1.9)	(17.7)
Net cash inflow from operating activities	179.6	171.2
(2) Acquisition of subsidiary undertakings		
Cash paid	0.1	6.2
Cash acquired with subsidiaries	–	(0.8)
	0.1	5.4

(3) Settlement of accrued consideration

Cash paid in settlement of the consideration accrued at 31 December 1998 relating to the acquisition of Bilton in November 1998.

(4) Liquid resources

Liquid resources are term deposits of less than one year.

	Ordinary Share capital £m	Share premium £m	Total £m
(5) Issue of shares			
Balance at 1 January 2000	103.2	325.3	428.5
Issued on conversion of preference shares	0.1	0.1	0.2
Ordinary shares issued for cash	0.2	1.9	2.1
Balance at 31 December 2000	103.5	327.3	430.8

	£m	2000 £m	£m	1999 £m
(6) Reconciliation of net cash flow to movement in net debt				
(Decrease)/increase in cash in the year		(9.2)		17.7
(Increase)/decrease in debt	(174.3)		14.8	
Decrease in liquid resources	(14.0)		(23.8)	
		(188.3)		(9.0)
Change in net debt resulting from cash flows		(197.5)		8.7
Net debt acquired with subsidiary		–		(2.3)
Reduction of debt due to disposal of subsidiary		4.0		–
Translation difference		(24.2)		(3.4)
Movement in net debt in the year		(217.7)		3.0
Net debt at 1 January 2000		(1,089.9)		(1,092.9)
Net debt at 31 December 2000		(1,307.6)		(1,089.9)

20 Notes to Group cash flow statement continued

	At 1 Jan 2000 £m	Cash flow £m	Disposal of subsidiary £m	Exchange movement £m	At 31 Dec 2000 £m
(7) Analysis of net debt					
Cash in hand and at bank *	**23.5**	(9.5)	(0.1)	0.5	**14.4**
Overdrafts	**(2.7)**	0.3	–	–	**(2.4)**
		(9.2)			
Loan capital	**(1,146.7)**	(174.3)	4.1	(25.2)	**(1,342.1)**
Term deposits *	**36.0**	(14.0)	–	0.5	**22.5**
	(1,089.9)	(197.5)	4.0	(24.2)	**(1,307.6)**

* Cash per balance sheet

21 Acquisitions

During 2000 Fibre Fuel Limited became a 100% owned subsidiary following the acquisition of UK Waste's 50% holding. The consideration paid amounted to £0.1 million. The acquisition has been accounted for using the acquisition method of accounting. The book value of the assets and liabilities acquired was not significantly different from the fair values.

22 Pensions

The Group operates a number of pension schemes throughout the world. Total pension costs for the Group were £2.6 million (1999 £2.5 million) of which £0.3 million (1999 £0.2 million) related to overseas schemes. Pension costs relating to overseas schemes have been determined in accordance with local practice.

The two UK schemes, the Slough Estates (1957) Pension Scheme (the 'Slough scheme') and the Bilton Group Pension Scheme (the 'Bilton scheme') are of the defined benefit type. Their assets are held by trustees separately from the assets of the employer. Contributions to the schemes, which are assessed in accordance with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method of calculation, 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 of the Slough scheme as at 31 March 1998 valued the scheme's assets at market value. The assumptions used to calculate the liabilities of the scheme included investment returns 0.6 per cent per annum higher than the rate of annual salary increase and 1.35 per cent higher than the rate of increase of pensions. In order to calculate the contribution rate required, longer term assumptions of investment returns 1.5 per cent per annum higher than the rate of annual salary increase were used. At the date of the latest valuation, the market value of the assets of the scheme was £38.9 million and the actuarial value of those assets represented 96 per cent of the benefits that had accrued to members, after allowing for assumed future increases in earnings. The company made a special payment of £1.44 million to the scheme in December 1998. The company contribution rate will increase by 4.43 per cent per annum until 31 March 2001 when the deficit is calculated to be eliminated.

The latest actuarial valuation of the Bilton scheme as at 30 June 1999 valued the scheme's assets at market value. The main assumptions used were investment returns 2.2 per cent per annum higher than the increase to pensions in payment and 2 per cent more than increases to pensions in deferment. At the valuation date the market value of the assets of the scheme was £25.1 million and the actuarial value of those assets represented 126 per cent of the benefits that had accrued to members, after allowing for expected future increases in earnings. The actuary has recommended that no contributions are required from Bilton p.l.c. over the employees' future working lifetime, although the company should continue to meet the cost of insuring the lump sum death in service benefit.

Supplementary ex-gratia pensions of approximately £0.2 million (1999 £0.2 million) were paid out of profits.

23 Contingent liabilities

The company has guaranteed loans and bank overdrafts of subsidiary companies aggregating £253.7 million (1999 £156.8 million). All loans and overdrafts so guaranteed are included in the consolidated balance sheet. Additionally, loans of a joint venture company amounting to £4.0 million (1999 £4.0 million) which are not included in the consolidated balance sheet have been guaranteed or indemnified by the company. The company has given performance guarantees to third parties amounting to £7.9 million (1999 £8.0 million) in respect of development contracts of subsidiary companies.

Notes

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THE GROUP HEADQUARTERS AT 234 BATH ROAD, SLOUGH

SLOUGH
ESTATES