

Inquiry Manager
Audit Market Investigation
Competition Commission
Victoria House
Southampton Row
LONDON
WC1B 4AD

March 18 2013

Dear Sir/Madam,

I refer to the Commission's provisional findings of its investigation into the statutory audit market for large companies published on February 26, 2013 and provide below my response to the provisional possible remedies to the identified AEC that were highlighted in your report.

I am the Group Finance Director of a FTSE-250 property company and was surveyed by yourselves as part of your original investigation.

I continue to believe that the case for reform is overstated, that mandatory tendering and rotation of audit firms is not the correct way forward and does not necessarily serve to reduce concentration in the audit market. Additionally, auditor appointment should be maintained at the discretion of shareholders and not become something that is imposed on them.

Your paper also talks about the need for AC Chairs to directly negotiate the audit fees and for auditors to raise audit issues with the AC Chair first before discussing with the FD. I struggle with the underlying presumption that management and auditors are too close to each other and that management don't actually want auditors to do a proper job. Additionally, in my own company, the auditor and Audit Chair have clear channels of communication and have regular meetings without the presence of management.

Note that each year the AC assesses the effectiveness of the auditors. Additionally rotation of audit partners, as well as use of second reviewers whom we never meet, in our view ensures the independence and integrity of the management-auditor relationship. Furthermore, the principal benefit to shareholders of an audit is based on its quality and this is something which is likely to be diminished rather than enhanced by the requirement to rotate audit firms.

Taken together, the reform package being proposed does not, in my view, address the key systemic risk of further concentration in the audit market and will have the effect, both directly and indirectly, of reducing audit quality (particularly during the period of transition), increasing cost and diminishing the value of the audit opinion to investors, without any compensating tangible benefits.

Please contact me if you would like to discuss the views expressed in this letter.

Yours sincerely

Justin Read
Group Finance Director
SEGRO PLC