Company Registration No 00054380 (England and Wales)

RETAIL INTERESTS LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

RETAIL INTERESTS LTD

COMPANY INFORMATION

Directors	S Grobler	
	D Schreiber	(Appointed 15 November 2011)
Company number	00054380	
Registered office	Steinhoff UK Group 5th Floor Festival House Jessop Avenue Cheltenham Gloucestershire GL50 3SH	
Auditors	Leonard Wilson & Co Colinton House Leicester Road Bedworth Warwickshire CV12 8AB	
Bankers	Natwest Bank Plc 12 Fore Street Wellington Somerset TA21 8AL	

RETAIL INTERESTS LTD

CONTENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report and financial statements for the year ended 30 June 2012

The company is a wholly owned subsidiary of Steinhoff Europe AG which is the ultimate parent company

Principal activities and review of the business
The principal activity of the company continued to be that of a property management company The directors are not aware at the date of signing this report of any likely major changes in the company's activities in the next year

The company's income is primarily from transactions related to property leasing and its single largest customer is the Steinhoff UK Group

The key performance indicators are the operating profit from the company's principal activity before tax and net assets

The company incurred a net loss before tax amounting to £13,604,256 compared to £19,864,696 in the previous year The current and previous year losses are in respect of financial commitments on certain guarantees and privity properties acquired in previous years The company's net assets have increased from £56,882,040 in 2011 to £122,261,311 in 2012 as a result of an agreement made by the company and group directors to convert an intercompany loan amounting to £75,996,459 into equity shares

The company acquired trademarks last year from within the Steinhoff Group and receives a royalty income on these trademarks

Risks and uncertainties
The directors acknowlege that during the normal course of business there are a number of potential risks and uncertainties which could have a material impact on the company's long term performance The directors acknowledge their responsibilities to implement a risk strategy to ensure that an appropriate risk framework is operating effectively

The company's main source of income is primarily rental income from group undertakings and is therefore seen as low risk.

The company has ongoing financial commitments in respect of certain guarantees and privity properties and as a consequence the company is incurring additional costs The company is actively marketing these properties with success not withstanding the extreme difficult market conditions

Due to the company's financial commitments on these properties the estimated loss for the year ended 30 June 2013 is expected to be approximately £13 million The parent company will continue to provide the necessary financial support to enable the company to continue its busness operations as a going concern

Results and dividends
The results for the year are set out on page 6

The directors do not recommend payment of an ordinary dividend

Future developments
The company's business activities together with the factors likely to affect its future development are set out in the business review and in the assessment of the company's risks and uncertainities in this report At the date of this report the directors have no further plans to carry out other business activities other than the company's current principal activity

Directors

The following directors have held office since 1 July 2011

S Grobler	
S Schmidt	(Resigned 15 November 2011)
D Schreiber	(Appointed 15 November 2011)

Financial instruments

Financial instruments

Financial assets and liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument The company does not enter into derivative financial instruments

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected

Liquidity risk is managed at various levels, starting at the ulitmate parent holding company and cascading down to the UK group of companies of which this company is one The UK group manages liquidity risk by monitoring forecast cash flows which are provided weekly and ensuring that adequate borrowing facilities are available The company generates its own cash and additional cash is obtained from existing lines of credit and from group facilities based on forecast requirements

Interest rate risk

The company manages interest rate risk centrally through its central treasury All interest bearing assets and liabilities of the company are at variable rates of interest and are structured to achieve a competitive market related cost of funding

Foreign currency risk

The company only operates in the United Kingdom and all transactions are in sterling so has no exposure to changes in foreign currency exchange rates

Credit risk

At the 30 June 2012 the company did not consider there to be any other significant concentration of credit risk which has not been adequately provided for

Market risk

Cash resources are matched with the net funding requirements sourced from three sources namely internally generated funds, the company facilities and group resources The company only operates in the United Kingdom and all transactions are in sterling so has no exposure to changes in foreign currency exchange rates

During the course of the year there has been no change to the market risk or manner in which the company manages its exposure

Auditors

The auditors, Leonard Wilson & Co , are deemed to be reappointed under section 487(2) of the Companies Act 2006

RETAIL INTERESTS LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board

S Grobler
Director
13 August 2012

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RETAIL INTERESTS LTD

We have audited the financial statements of Retail Interests Ltd for the year ended 30 June 2012 set out on pages 6 to 15 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF RETAIL INTERESTS LTD

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ian Turner

Mr I Turner (Senior Statutory Auditor)
for and on behalf of Leonard Wilson & Co

15 August 2012

Chartered Accountants
Statutory Auditor

Colinton House
Leicester Road
Bedworth
Warwickshire
CV12 8AB

RETAIL INTERESTS LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 £	2011 £
Turnover	2	37,853,644	34,473,018
Administrative expenses		(55,649,740)	(56,805,346)
Other operating income		4,857,130	2,695,209
Operating loss	3	(12,938,966)	(19,637,119)
Other interest receivable and similar income	4	12,509	2,064,001
Interest payable and similar charges	5	(677,799)	(2,291,578)
Loss on ordinary activities before taxation		(13,604,256)	(19,864,696)
Tax on loss on ordinary activities	6	2,987,068	5,412,300
Loss for the year	14	(10,617,188)	(14,452,396)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

RETAIL INTERESTS LTD

BALANCE SHEET

AS AT 30 JUNE 2012

	Notes	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets	7		110,221,000		110,221,000
Tangible assets	8		12,390,293		12,372,985
			122,611,293		122,593,985
Current assets					
Debtors	9	14,696,330		16,678,583	
Cash at bank and in hand		17,703		41,135	
		14,714,033		16,719,718	
Creditors: amounts falling due within one year	10	(13,847,892)		(5,112,187)	
Net current assets			866,141		11,607,531
Total assets less current liabilities			123,477,434		134,201,516
Creditors: amounts falling due after more than one year	11		-		(75,996,459)
Provisions for liabilities	12				
Deferred tax liability			(1,216,123)		(1,323,017)
			122,261,311		56,882,040
Capital and reserves					
Called up share capital	13		3,727,000		3,726,000
Share premium account	14		150,934,994		74,939,535
Revaluation reserve	14		5,190,787		5,190,787
Profit and loss account	14		(37,591,470)		(26,974,282)
Shareholders' funds	15		122,261,311		56,882,040

Approved by the Board and authorised for issue on 13 August 2012

S Grobler
Director

Company Registration No 00054380

1 Accounting policies

1 1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain properties

The directors has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1 2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1 3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1 4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Freehold	2% Straight line basis
Land and buildings Leasehold	Length of lease
Fixtures, fittings & equipment	6 67% to 33 33% Straight line basis

Where the estimated residual value of freehold buildings exceeds their carrying value then depreciation is not charged

1 5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1 6 Revenue recognition

Revenue is attributable to the company's principal activity which is that of a property leasing company operating within the United Kingdom Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease

1 7 Impairment of fixed and intangible assets

At each balance sheet date the company reviews the carrying values of its fixed and intangible assets to determine whether there is any indication that those assets have suffered an inpairment loss If any such impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from the other assets the company estimates the recoverable amount of the cash-generating unit to which the assets belongs

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating loss

	2012	2011
	£	£
Operating loss is stated after charging		
Depreciation of tangible assets	34,349	126,035
Loss on disposal of operating rental leases	148,290	686,334
Fees payable to the company's auditor for the audit of the company's annual accounts	10,450	10,450

4 Investment income

	2012	2011
	£	£
Other interest received	12,509	-
Interest received from group undertakings	-	2,064,001
	12,509	2,064,001

5 Interest payable

	2012	2011
	£	£
On amounts payable to group companies	495,218	1,938,582
On bank loans and overdrafts	182,581	352,197
Other interest	-	799
	677,799	2,291,578

6 Taxation	2012 £	2011 £
Domestic current year tax		
U K corporation tax	(3,405,181)	(5,261,423)
Adjustment for prior years	525,007	(88)
Total current tax	(2,880,174)	(5,261,511)
Deferred tax		
Deferred tax charge/credit current year	(93,577)	(134,659)
Deferred tax adjust re previous year	(13,317)	(16,130)
	(106,894)	(150,789)
	(2,987,068)	(5,412,300)
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(13,604,256)	(19,864,696)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25 50% (2011 - 27 50%)	(3,469,085)	(5,462,791)
Effects of		
Non deductible expenses	68,289	188,742
Depreciation add back	8,679	34,660
Capital allowances	(13,064)	(22,034)
Adjustments to previous periods	525,007	(88)
	588,911	201,280
Current tax charge for the year	(2,880,174)	(5,261,511)

The company has estimated losses of £ 2,156,056 (2011 - £ nil) available for carry forward against future trading profits

7 Intangible fixed assets

	Trademarks £
Cost	
At 1 July 2011 & at 30 June 2012	110,221,000
Net book value	
At 30 June 2012	110,221,000
At 30 June 2011	110,221,000

The above amounts represents Brand trademarks acquired last year and are stated at cost There has been an impairment review and the estimated recoverable amount of the asset exceeds its present carrying value

8 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 July 2011	11,703,260	740,420	674,023	13,117,703
Additions	-	-	51,658	51,658
At 30 June 2012	11,703,260	740,420	725,681	13,169,361
Depreciation				
At 1 July 2011	8,126	172,295	564,297	744,718
Charge for the year	4,138	8,846	21,366	34,350
At 30 June 2012	12,264	181,141	585,663	779,068
Net book value				
At 30 June 2012	11,690,996	559,279	140,018	12,390,293
At 30 June 2011	11,695,134	568,125	109,726	12,372,985

Depreciation has been charged on one freehold building No depreciation has been charged in the current or previous year on the other freehold land and buildings on the grounds that the estimated residual value of the assets exceeds their present carrying value

9 Debtors	**2012**	**2011**
	£	**£**
Amounts owed by group undertakings	11,059,674	7,819,665
Corporation tax	3,405,181	5,261,423
Prepayments and accrued income	231,475	3,597,495
	14,696,330	16,678,583

10 Creditors amounts falling due within one year	**2012**	**2011**
	£	**£**
Rental income received in advance	-	941,392
Amounts owed to group undertakings	11,693,649	855,534
Accruals	2,154,243	3,315,261
	13,847,892	5,112,187

11 Creditors amounts falling due after more than one year	**2012**	**2011**
	£	**£**
Other loans	-	75,996,459
Analysis of loans		
Wholly repayable within five years	-	75,996,459
	-	75,996,459
Loan maturity analysis		
In more than two years but not more than five years	-	75,996,459

The above represented an unsecured intergroup loan owed to the parent company and group undertakings which was repaid during the year following an agreement made by the directors to convert the debt to equity Loan interest was paid to the date of repayment at LIBOR plus 3% per annum

12 Provisions for liabilities

	Deferred tax liability £
Balance at 1 July 2011	1,323,017
Decelerated capital allowances	(3,078)
Revaluation reserve	(103,816)
Balance at 30 June 2012	1,216,123

The deferred tax liability is made up as follows

	2012 £	2011 £
Decelerated capital allowances	(29,665)	(26,587)
Surplus on revaluation of land and buildings	1,245,788	1,349,604
	1,216,123	1,323,017

13 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
3,727,000 Ordinary shares of £1 each	3,727,000	3,726,000

During the year 1,000 ordinary shares of £1 each were allotted and fully paid

14 Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 July 2011	74,939,535	5,190,787	(26,974,282)
Loss for the year	-	-	(10,617,188)
Premium on shares issued during the year	75,995,459	-	-
Balance at 30 June 2012	150,934,994	5,190,787	(37,591,470)

15 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Loss for the financial year	(10,617,188)	(14,452,396)
Proceeds from issue of shares	75,996,459	-
Net addition to/(depletion in) shareholders' funds	65,379,271	(14,452,396)
Opening shareholders' funds	56,882,040	71,334,436
Closing shareholders' funds	122,261,311	56,882,040

16 Financial commitments

At 30 June 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2013

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within one year	32,582	32,582
Between two and five years	130,328	130,328
In over five years	1,930,545	1,996,964
	2,093,455	2,159,874

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012	2011
	Number	Number
	3	3

The directors are the key manangement personnel of the company The remunerations of Messrs Schreiber, Grobler & Schmidt were paid by other companies within the Steinhoff group It is not practicable to split their remuneration between services to group companies Details of their remuneration are included in the financial statements of these other companies

18 Control

The company is a wholly owned subsidiary of Steinhoff Europe AG a company incorporated in Switzerland which is also the ulitmate controlling party The results of the company are consolidated with the Steinhoff Europe AG Group

19 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group