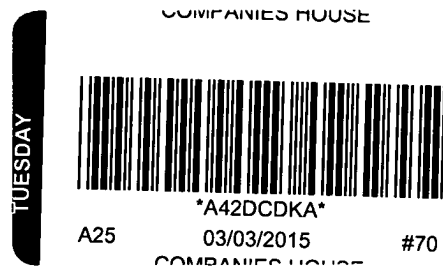


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Company Registration No. 00054380 (England and Wales)

RETAIL INTERESTS LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014



RETAIL INTERESTS LTD

COMPANY INFORMATION

Directors	S Grobler D Schreiber
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

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RETAIL INTERESTS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

The directors present their report and financial statements for the year ended 30 June 2014.

The company is a wholly owned subsidiary of Steinhoff Europe AG which is the parent company. The ultimate parent company is Steinhoff International Holdings Limited, a company incorporated in The Republic of South Africa.

Principal activities and review of the business

The principal activity of the company continued to be that of a property management company. The company receives a trademark royalty income from the Steinhoff UK Group.

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 £16,198,869 compared to £16,493,502 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 decreased from £109,619,676 in 2013 to £109,216,745 in 2014.

Risks and uncertainties

The directors acknowledge 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 notwithstanding the difficult market conditions.

Due to the company's financial commitments on these properties the estimated net loss before tax for the year ended 30 June 2015 is expected to be approximately £15.3 million. The parent company will continue to provide the necessary financial support to enable the company to continue its business 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 uncertainties 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.

RETAIL INTERESTS LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Directors

The following directors have held office since 1 July 2013:

S Grobler
D Schreiber

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 ultimate 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 2014 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 2014

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:

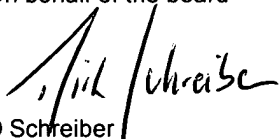
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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



D Schreiber

Director

13 August 2014

RETAIL INTERESTS LTD

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 2014 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 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.

RETAIL INTERESTS LTD

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 FCA (Senior Statutory Auditor)
for and on behalf of Leonard Wilson & Co

15 August 2014

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 2014

	Notes	2014 £	2013 £
Turnover	2	22,560,352	28,898,352
Administrative expenses		(44,906,984)	(50,608,136)
Other operating income		6,236,912	5,330,421
		<hr/>	<hr/>
Operating loss	3	(16,109,720)	(16,379,363)
Interest payable and similar charges	4	(89,149)	(114,139)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(16,198,869)	(16,493,502)
Tax on loss on ordinary activities	5	3,733,645	3,851,867
		<hr/>	<hr/>
Loss for the year	13	(12,465,224)	(12,641,635)
		<hr/> <hr/>	<hr/> <hr/>

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 2014

	Notes	2014 £	2013 £
Fixed assets			
Intangible assets	6	110,221,000	110,221,000
Tangible assets	7	12,320,815	12,355,467
Investments	8	1	1
		<u>122,541,816</u>	<u>122,576,468</u>
Current assets			
Debtors	9	11,602,597	11,912,770
Cash at bank and in hand		<u>4,208</u>	<u>5,685</u>
		11,606,805	11,918,455
Creditors: amounts falling due within one year	10	<u>(23,995,540)</u>	<u>(23,721,490)</u>
Net current liabilities		<u>(12,388,735)</u>	<u>(11,803,035)</u>
Total assets less current liabilities		110,153,081	110,773,433
Provisions for liabilities	11		
Deferred tax liability		<u>(936,336)</u>	<u>(1,153,757)</u>
		<u>109,216,745</u>	<u>109,619,676</u>
Capital and reserves			
Called up share capital	12	3,728,000	3,727,000
Share premium account	13	162,996,287	150,934,994
Revaluation reserve	13	5,190,787	5,190,787
Profit and loss account	13	<u>(62,698,329)</u>	<u>(50,233,105)</u>
Shareholders' funds	14	<u>109,216,745</u>	<u>109,619,676</u>

Approved by the Board and authorised for issue on 13 August 2014


D Schreiber
Director

Company Registration No. 00054380

RETAIL INTERESTS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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 company 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 Trademarks

Trademarks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

1.5 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.

1.6 Leasing

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

1.7 Investments

Fixed asset investments are stated at cost.

1.8 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.

RETAIL INTERESTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

1 Accounting policies

(continued)

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Steinhoff Europe AG, a company incorporated in Switzerland.

The smallest group for which the results of the company are consolidated is headed by Steinhoff Europe AG. The largest group for which the results of the company are consolidated is headed by Steinhoff International Holdings Limited.

1.10 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 impairment loss. If any such impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. 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

	2014	2013
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	34,652	34,827
Loss on disposal of operating rental leases	214,928	290,118
Fees payable to the company's auditor for the audit of the company's annual accounts	10,450	10,450

4 Interest payable

	2014	2013
	£	£
On bank loans and overdrafts	89,149	114,139

RETAIL INTERESTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

5	Taxation	2014 £	2013 £
	Domestic current year tax		
	U.K. corporation tax	(3,552,122)	(3,839,355)
	Adjustment for prior years	35,898	49,854
	Total current tax	<u>(3,516,224)</u>	<u>(3,789,501)</u>
	Deferred tax		
	Deferred tax credit current year	(217,421)	(62,366)
		<u>(3,733,645)</u>	<u>(3,851,867)</u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	<u>(16,198,869)</u>	<u>(16,493,502)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 22.50% (2013 - 23.75%)	<u>(3,644,746)</u>	<u>(3,917,207)</u>
	Effects of:		
	Non deductible expenses	95,817	80,785
	Depreciation add back	7,423	8,272
	Capital allowances	(10,616)	(11,205)
	Adjustments to previous periods	35,898	49,854
		<u>128,522</u>	<u>127,706</u>
	Current tax credit for the year	<u>(3,516,224)</u>	<u>(3,789,501)</u>

The company has estimated losses of £ 1,516,768 (2013 - £ 1,516,768) available for carry forward against future trading profits.

RETAIL INTERESTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

6 Intangible fixed assets

	Trademarks £
Cost	
At 1 July 2013 & at 30 June 2014	110,221,000
Net book value	
At 30 June 2014	110,221,000
At 30 June 2013	110,221,000

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

7 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 July 2013	11,703,260	740,420	725,681	13,169,361
Disposals	-	-	(130,226)	(130,226)
At 30 June 2014	11,703,260	740,420	595,455	13,039,135
Depreciation				
At 1 July 2013	16,334	189,843	607,717	813,894
On disposals	-	-	(130,226)	(130,226)
Charge for the year	4,048	8,590	22,014	34,652
At 30 June 2014	20,382	198,433	499,505	718,320
Net book value				
At 30 June 2014	11,682,878	541,987	95,950	12,320,815
At 30 June 2013	11,686,926	550,577	117,964	12,355,467

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 as the directors consider the estimated residual value of the assets exceeds their present carrying value.

RETAIL INTERESTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 July 2013 & at 30 June 2014	1
Net book value	
At 30 June 2014	1
At 30 June 2013	1

The above fixed asset investment represents the entire issued ordinary share capital of JWC (INT) Limited, a company registered in England & Wales.

The principal activity of JWC (INT) Limited is the management of intellectual property rights.

9 Debtors	2014 £	2013 £
Amounts owed by group undertakings	7,819,000	7,819,000
Corporation tax	3,552,122	3,839,355
Prepayments and accrued income	231,475	254,415
	<u>11,602,597</u>	<u>11,912,770</u>

10 Creditors: amounts falling due within one year	2014 £	2013 £
Amounts owed to parent company	21,035,290	19,881,001
Accruals	2,960,250	3,840,489
	<u>23,995,540</u>	<u>23,721,490</u>

RETAIL INTERESTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

11 Provisions for liabilities

	Deferred tax liability £
Balance at 1 July 2013	1,153,757
Profit and loss account	(61,697)
Revaluation reserve	(155,724)
	<u>936,336</u>
Balance at 30 June 2014	<u>936,336</u>

The deferred tax liability is made up as follows:

	2014 £	2013 £
Decelerated capital allowances	(41,821)	(40,124)
Other timing differences	(60,000)	-
Surplus on revaluation of land and buildings	1,038,157	1,193,881
	<u>936,336</u>	<u>1,153,757</u>

12 Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
3,728,000 Ordinary shares of £1 each	3,728,000	3,727,000
	<u>3,728,000</u>	<u>3,727,000</u>

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

13 Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 July 2013	150,934,994	5,190,787	(50,233,105)
Loss for the year	-	-	(12,465,224)
Premium on shares issued during the year	12,061,293	-	-
	<u>162,996,287</u>	<u>5,190,787</u>	<u>(62,698,329)</u>
Balance at 30 June 2014	<u>162,996,287</u>	<u>5,190,787</u>	<u>(62,698,329)</u>

RETAIL INTERESTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

14 Reconciliation of movements in shareholders' funds	2014 £	2013 £
Loss for the financial year	(12,465,224)	(12,641,635)
Proceeds from issue of shares	12,062,293	-
Net depletion in shareholders' funds	(402,931)	(12,641,635)
Opening shareholders' funds	109,619,676	122,261,311
Closing shareholders' funds	109,216,745	109,619,676

15 Financial commitments

At 30 June 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2015:

	Land and buildings	
	2014 £	2013 £
Operating leases which expire: In over five years	32,582	32,582

16 Employees

Number of employees

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

2014 Number	2013 Number
3	3

The directors are the key management personnel of the company. The remunerations of Messrs Schreiber and Grobler 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.

RETAIL INTERESTS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

17 Control

The company is a wholly owned subsidiary of the parent company Steinhoff Europe AG, a company incorporated in Switzerland. The results of the company are consolidated with the Steinhoff Europe AG Group. The ultimate parent company and ultimate controlling party is Steinhoff International Holdings Limited, a company registered in the Republic of South Africa.

The largest group for which the results of the company are consolidated is headed by Steinhoff International Holdings Limited. Copies of these consolidated financial statements may be obtained via the website www.steinhoffinternational.com.

18 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.