

STEINHOFF UK GROUP PROPERTIES LIMITED

**ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 JUNE 2011**

Registered number 01024575

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STEINHOFF UK GROUP PROPERTIES LIMITED
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STEINHOFF UK GROUP PROPERTIES LIMITED DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditor's report, for the 52 week period ended 25 June 2011

Principal activity

The principal activity of the company is that of a property management company and there have been no significant changes in the company's principal activities during the period under review

Results and dividends

The audited financial statements for the 52 week period ended 25 June 2011 are set out on pages 6 to 19. The profit after tax for the period was £2,888,000 (52 week period ended 26 June 2010 was a loss of £5,301,000)

The directors cannot recommend payment of a dividend (52 week period ended 26 June 2010 same)

Enhanced business review

The company's parent company is Steinhoff UK Retail Limited which is part of the Steinhoff International Holdings Limited group

The company's income is attributable to letting properties to group undertakings and the key performance indicators are rental income, operating profit or loss, net assets and cash flow all of which are shown in the accounts

A key focus area for the company in 2011/12 will be in the area of energy management with initiatives to drive cost efficiency and mitigate the impact of the Carbon Reduction Commitment legislation

The company's income and expenditure reduced during the financial period as a result of the transfer of lease interests in certain properties to another company. Associated financial commitments as a lessee have reduced significantly

During the period under review the operating profit was £110,000 (26 June 2010 was a loss of £7,921,000). The prior period operating loss was attributable to the company having a number of vacant properties and reduced activity in asset management as a consequence of the economic downturn

The improved profitability in the current year stemmed from a combination of favourable rent review settlements and a number of successful asset management deals

The company's net assets were £5,391,000 (26 June 2010 £2,464,000)

The net cash inflow from operating activities totalled £2,183,000 (2010 £1,326,000)

Principal risks and uncertainties

The principal risks facing the company are the risks of external tenants defaulting or properties remaining vacant. This is mitigated through a programme of active property portfolio management by the company's management team

The directors believe the company is in a strong position as its income is earned from other members of the Steinhoff group. It is also well positioned to restructure the existing portfolio in response to improvements in the real estate market

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the enhanced business review. The financial position of the company, its cash flows, and liquidity position are described in the financial statements. In addition, note 9 to the financial statements includes the company's objectives, policies and processes for managing its financial risk, details of its financial instruments and risk management activities and its exposures to credit risk and liquidity risk

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements

STEINHOFF UK GROUP PROPERTIES LIMITED
DIRECTORS' REPORT (Continued)

Directors

The directors who served during the period and to the date of this report were

I M Topping (resigned 21 June 2011)
P J Dieperink
G Forsyth
M Ashcroft (resigned 22 December 2010)
J H Robins (appointed 22 December 2010)

Directors' indemnities

The Steinhoff International group has made qualifying third party indemnity provisions for the benefit of the directors of the company which were in place through out the period and remain in force at the date of this report

Supplier payment policy

The company's policy is to agree terms of payment with suppliers and abide by them

Auditor

Each of the directors at the date of approval of this annual report confirms that

- a) so far as the director is aware there is no relevant audit information of which the company's auditor is unaware and
- b) the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006

Deloitte LLP are deemed to be reappointed under s487(2) of the Companies Act 2006

By order of the Board,



P Dieperink
Director

8 December 2011

STEINHOFF UK GROUP PROPERTIES LIMITED
DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEINHOFF UK GROUP PROPERTIES LIMITED

We have audited the financial statements of Steinhoff UK Group Properties Limited for the 52 week period ended 25 June 2011 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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

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 annual report to identify material inconsistencies with

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 25 June 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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.

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



Patrick Loftus (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester United Kingdom
9 December 2011

STEINHOFF UK GROUP PROPERTIES LIMITED
INCOME STATEMENT
52 WEEKS TO 25 JUNE 2011

		52 weeks to 25 June 2011	52 weeks to 26 June 2010
	Notes	£'000	£'000
Continuing operations			
Revenue - rental and associated property income		84,387	112,284
Operating expenses		(84,276)	(120,205)
Operating profit/(loss)		111	(7,921)
Finance income		415	194
Finance cost		(97)	(241)
Total finance income / (expense)		318	(47)
Profit/(Loss) before taxation	1	429	(7,968)
Taxation credit	2	2,460	2,667
Profit/(Loss) for the period		2,889	(5,301)

The accompanying notes are an integral part of these financial statements

The company had no recognised gains or losses in either period other than the profit/(loss) for the financial period shown above
Accordingly no separate Statement of Comprehensive Income has been presented

STEINHOFF UK GROUP PROPERTIES LIMITED
BALANCE SHEET
AT 25 JUNE 2011

	Notes	52 weeks to 25 June 2011 £'000	52 weeks to 26 June 2010 £'000
Non-current assets			
Property plant & equipment	4	6 014	6 270
Amounts owed by group undertakings	13	<u>14,500</u>	<u>14,500</u>
		20,514	20,770
Current assets			
Current tax assets		87	2 614
Trade and other receivables	5	29 352	26 950
Cash at bank		<u>5,210</u>	<u>2,918</u>
		34,649	32,482
Current liabilities			
Trade and other payables	6	(35,366)	(36,951)
Short term provisions	7	<u>(3,988)</u>	<u>(4,678)</u>
		(39,354)	(41,629)
Net current liabilities		<u>(4,705)</u>	<u>(9,147)</u>
Total assets less current liabilities		15,809	11 623
Non-current liabilities			
Long term provisions	7	<u>(10,418)</u>	<u>(9 159)</u>
Net assets		<u>5,391</u>	<u>2 464</u>
Equity			
Share capital	8	72,720	72 720
Share premium account		7,867	7 867
Retained earnings		<u>(75,196)</u>	<u>(78,123)</u>
Shareholders' funds		<u>5,391</u>	<u>2 464</u>

The accompanying notes are an integral part of these financial statements

The financial statements of Steinhoff UK Group Properties Limited, registered number 01024575, were approved by the Board of Directors and authorised for issue on 8 December 2011


P Dieperink
Director

STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF CHANGES IN EQUITY
52 WEEKS TO 25 JUNE 2011

	Share capital £'000	Share premium account £'000	Retained Earnings £'000	Total £'000
At 28 June 2009	72 720	7 867	(72 867)	7 720
Share based payments	-	-	45	45
Loss for the period	-	-	(5,301)	(5,301)
At 26 June 2010	<u>72,720</u>	<u>7,867</u>	<u>(78,123)</u>	<u>2,464</u>
At 27 June 2010	72 720	7 867	(78 123)	2 464
Share based payments	-	-	39	39
Profit for the period	-	-	2,888	2,888
At 25 June 2011	<u>72,720</u>	<u>7,867</u>	<u>(75,196)</u>	<u>5,391</u>

STEINHOFF UK GROUP PROPERTIES LIMITED
CASH FLOW STATEMENT
52 WEEKS TO 25 JUNE 2011

	52 weeks to 25 June 2011 £000	52 weeks to 26 June 2010 £000
Cash flows from operating activities		
Operating profit/(loss)	110	(7,921)
Depreciation and fixed asset impairments	736	716
Loss on disposal of property, plant and equipment	356	220
Share based payment charge	39	45
Lease surrender premiums	(627)	(927)
Landlord's inducements	310	395
Property provisions	569	(650)
Operating cash flows before changes in working capital	1,493	(8,122)
Decrease in trade and other receivables including current tax asset	2,585	1,134
(Decrease)/Increase in trade and other payables	(1,895)	8,314
Net cash inflow from operating activities	2,183	1 326
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,159)	(6 183)
Lease surrender premiums received	627	927
Proceeds from disposal of property, plant and equipment	6,323	6,491
Net cash (outflow)/inflow from investing activities	(209)	1 235
Cash flows from financing activities		
Net interest received/(paid)	318	(47)
Net cash flows from financing activities	318	(47)
Net increase in cash and cash equivalents	2,292	2,514
Opening cash and cash equivalents	2,918	404
Closing cash and cash equivalents	5,210	2 918
Cash and cash equivalents comprise cash at bank		

**STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE 52 WEEKS ENDED 25 JUNE 2011**

The principal accounting policies are set out below

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable IFRS

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on pages 2 to 3 which describes the financial position of the company

Although the company has net current liabilities as at 25 June 2011 the directors have adopted the going concern basis having taken into account the availability of continuing financial support for a period of 12 months from the date of signing the financial statements from the parent company of the Steinhoff UK Group, Steinhoff UK Holdings Limited

The company consolidates its forecasts and projections into those of the Steinhoff UK Holdings group. After making enquiries, the directors have a reasonable expectation that the company and the Steinhoff UK Holdings group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, taking into account the availability of financial support from Steinhoff UK Holdings Limited and ability of the company to provide the support, they continue to adopt the going concern bases in preparing the annual report and accounts

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any recognised impairment loss. They are depreciated at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life. Assets under construction are not subject to depreciation. Depreciation rates are as follows

Structural assets

Long leasehold	2% per annum
Structural assets	Straight line over the term of the lease
Fixtures, fittings and equipment	10%-20% per annum
Computer equipment	20% per annum

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities that affects neither the tax profit nor the accounting profit

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement

Revenue recognition

Revenue comprises rent receivable and associated property income and is recognised in the income statement as it accrues on a day to day basis. All revenue is earned from UK business

Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument

STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF ACCOUNTING POLICIES (continued)
FOR THE 52 WEEKS ENDED 25 JUNE 2011

Financial instruments (continued)

Derivative financial instruments

The company does not enter into derivative financial instruments. All transactions are in sterling so there is no exposure to foreign currency risk.

Financial assets

The financial assets are all classified as loans and receivables.

Financial assets - Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost less impairment.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The company includes unpresented cheques in trade creditors and uncleared lodgements in trade debtors.

Financial instruments issued by the company

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Other financial liabilities

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Share based payments

The company has applied the requirements of 'IFRS 2 Share based payment'. Certain directors of the company are members of the Steinhoff International Holdings Limited share incentive scheme. The fair value of the services received under this scheme is calculated by Steinhoff International Holdings Limited by the use of the Black Scholes model and the amount attributable to this company is charged to the Income Statement. Steinhoff International Holdings Limited does not recharge the company for these services so an amount equal to the annual charge is credited directly to reserves in accordance with IFRS 2.

Critical judgements and estimates in applying the accounting policies

In the process of applying the accounting policies described above, management has made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements:

Property provisions

Provisions for property related costs require management to make judgements and estimates in relation to amounts and lengths of time for which provisions may be required. The provisions are reviewed regularly in the light of the most current information available.

Standards and interpretations

There have been no new or revised Standards or Interpretations which have affected the amounts reported in these financial statements.

STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF ACCOUNTING POLICIES (continued)
FOR THE 52 WEEKS ENDED 25 JUNE 2011

Standards and interpretations (continued)

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective. The directors anticipate that the adoption of these standards and interpretations will have no material impact on the company's financial statements.

- Amendments to IAS 1 (June 2011) Presentation of Items of Other Comprehensive Income
- IAS 19 (revised June 2011) Employee Benefits,
- IFRS 13 Fair Value Measurement,
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 28 (revised May 2011) Investments in Associates and Joint Ventures,
- IAS 27 (revised May 2011) Separate Financial Statements,
- Amendments to IAS 12 (December 2010) Deferred Tax Recovery of Underlying Assets,
- Amendments to IFRS 7 (October 2010) Disclosures - Transfers of Financial Assets,
- Improvements to IFRSs 2010 (May 2010),
- IFRS 9 Financial Instruments
- IAS 24 (revised November 2009) Related Party Disclosures,
- IFRS 10 Consolidated Financial Statements

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 25 JUNE 2011

	52 weeks to 25 June 2011 £'000	52 weeks to 26 June 2010 £'000
1 Profit/(Loss) before tax		

The profit/(loss) before tax is stated after charging/(crediting)

Operating lease rentals - leasehold properties (note 10)	51,876	77,756
Loss on disposal of property plant & equipment	356	220
Lease surrender premiums	(627)	(927)
Depreciation	736	716

Auditor's remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	24	29
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There were no amounts paid to the auditors for non-audit services in either period

	52 weeks to 25 June 2011 £'000	52 weeks to 26 June 2010 £'000
2 Taxation		

Current tax

UK corporation tax at 27.5% (June 2010 28%) on profit/(loss) for the period	63	2,655
Difference in respect of prior period corporation tax	2,385	-

Deferred tax

Origination and reversal of timing differences	12	12
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Total taxation	2,460	2,667
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The tax credit for the period can be reconciled to the profit/(loss) per the income statement as follows

Profit/(Loss) before taxation	428	(7,968)
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Tax at the current UK corporation tax rate of 27.5% (2010 28%)	(118)	2,231
Expenses not deductible for tax purposes	(25)	(55)
Difference between capital allowances and depreciation	(170)	84
Movement in deferred tax asset not recognised	-	586
Chargeable gains	-	(190)
Change in rate of corporation tax	(1)	-
Other timing differences	389	-
Prior period adjustment	2,385	11

Total taxation	2,460	2,667
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A deferred tax asset has not been recognised in respect of timing differences relating to trading losses and other short term differences as there is insufficient evidence that the asset will be recovered. The estimated value of the deferred tax asset not recognised is £1,351,000 (2010 £4,322,000). The Government announced in June 2010 that it intended to reduce the rate of corporation tax from 28% to 24% over four years, and Finance Act 2010 included provisions to reduce the rate of corporation tax to 27% with effect from 1 April 2011. On 23 March 2011 the government announced that it intends to further reduce the rate of corporation tax to 26% with effect from 1 April 2011 and then by 1% per annum to 23% by 1 April 2014. The rate change to 26% was substantively enacted in on 29 March 2011, and the deferred tax balances have been accordingly revalued to the lower rate of 26% in these accounts. The effect is not material.

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 25 JUNE 2011

	52 weeks to 25 June 2011	52 weeks to 26 June 2010
	£'000	£'000
3 Staff costs		
Staff costs (including directors)		
Wages and salaries	915	818
Social security costs	105	94
Pension costs	41	35
	1,061	947

The average number of staff all administration employees including key management personnel, was 23 (52 weeks to 26 June 2010 22)

Key management personnel

The remuneration of executive directors, who are the key management personnel of the company is set out in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures"

	52 weeks to 25 June 2011	52 weeks to 26 June 2010
	£'000	£'000
Salary and short term employment benefits	147	138
Post employment benefits	15	14
	162	152

Post employment benefits reflect contributions to a defined benefit contribution scheme

The emoluments of Messrs Topping Dieperink, Ashcroft and Robins were paid by fellow subsidiaries Homestyle Operations Limited and Homestyle Group Operations Limited. It is not practicable to split their remuneration between their services to group companies. Details of their remuneration are included in the financial statements of these companies.

The aggregate remuneration attributable to the directors of the company in both the period ended 25 June 2011 and the period ended 26 June 2010 falls below £200,000 and as such the company has not disclosed information on its highest paid director.

	Assets under construction	Structural assets	Fittings, equipment & computers	Total
		£'000	£'000	£'000
4 Property, plant & equipment				
Cost				
At 27 June 2010	174	10,037	146	10,357
Additions	6,691	448	20	7,159
Disposals	-	(356)	-	(356)
Transferred to fellow group company	(6,580)	-	-	(6,580)
At 25 June 2011	285	10,129	166	10,580
Depreciation				
At 27 June 2010	-	3,994	93	4,087
Disposals	-	(257)	-	(257)
Charge for period	-	707	29	736
At 25 June 2011	-	4,444	122	4,566
Net book amount				
At 25 June 2011	285	5,685	44	6,014
At 27 June 2010	174	6,043	53	6,270

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 25 JUNE 2011

	Assets under construction	Structural assets	Fittings, equipment & computers	Total
	£'000	£'000	£'000	£'000
4 Property, plant & equipment (continued)				
Cost				
At 27 June 2009	1,130	9,737	133	11,000
Additions	5,650	520	13	6,183
Disposals	-	(220)	-	(220)
Transferred to fellow group company	(6,606)	-	-	(6,606)
At 26 June 2010	174	10,037	146	10,357
Depreciation				
At 27 June 2009	-	3,420	66	3,486
Disposals	-	(115)	-	(115)
Charge for period	-	689	27	716
At 26 June 2010	-	3,994	93	4,087
Net book amount				
At 26 June 2010	174	6,043	53	6,270
At 27 June 2009	1,130	8,317	67	7,514

	52 weeks to 25 June 2011	52 weeks to 26 June 2010
	£'000	£'000
5 Trade and other receivables		
Trade receivables	4,266	3,774
Less provision for impairment of trade receivables	(221)	(308)
	4,045	3,466
Amounts owed by group undertakings	11,021	5,708
Other receivables	338	1,862
Prepayments and accrued income	13,948	15,914
	29,352	26,950

The average credit period on rental and associated property income is 1 day (2010 5 days). The provision for impairment of trade receivables is estimated by the company's management based on prior experience and the current economic environment.

Included in the company's trade receivable balance are debtors with a carrying amount of £nil (2010 £112,000) which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the company believes that the amounts are still considered recoverable. The company does not hold any collateral over these balances. The average age of these receivables is between 1 and 3 months overdue (2010 same).

The short-term amounts owed by group undertakings are loans of £11,021,000 (2010 £5,708,000) which are repayable on demand. Long-term amounts owed by group undertakings total £14,500,000 (2010 £14,500,000), and are repayable on or after 30 September 2012. The directors consider there to be no significant credit risk associated with these balances.

Movement in the allowance for doubtful debts	2011	2010
	£'000	£'000
At the start of the period	308	921
Amounts written off in the period	(87)	(613)
At the end of the period	221	308

In determining the recoverability of the trade receivable, the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. The directors therefore believe that there is no further credit provision required in excess of the allowance for doubtful debts.

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 25 JUNE 2011

5 Trade and other receivables (continued)

There are no specific trade receivables relating to companies which have been placed under liquidation

The ageing of receivables is

	2011		2010	
	Value of receivables		Value of receivables	
	£'000	%	£'000	%
Neither past due nor impaired	15,405	100.0%	10,924	99.0%
Past due up to 3 months but not impaired - trade receivables	-	0.0%	112	1.0%
	15,405	100%	11,036	100%

6 Trade and other payables

	52 weeks to 25 June 2011	52 weeks to 26 June 2010
	£'000	£'000
Trade payables	15,260	17,760
Amounts owed to group undertakings	7,044	1,786
Accruals and deferred income	13,062	17,405
	35,366	36,951

7 Provisions

	52 weeks to 25 June 2011	52 weeks to 26 June 2010
	£'000	£'000
Property provisions		
At start of period	13,837	14,487
Utilised in the period	(735)	(855)
Charged to profit and loss account in the period	3,385	205
Credited to profit and loss account in the period	(2,081)	-
At end of period	14,406	13,837
Due less than 1 year	3,988	4,678
Due more than 1 year	10,418	9,159
	14,406	13,837

Property provisions are raised for future rental costs where properties are vacant and for expected committed costs exceeding contribution where a store is loss making. The provision is calculated based on the remaining term of the lease or estimated date of assignment if earlier. The company also provides for dilapidations where expenditure is expected to be incurred to restore leasehold premises to the condition required under individual lease agreements at the end of their term. Provisions are expected to be utilised over the remaining term of the leases, which can be up to 20 years.

8 Share capital

	52 weeks to 25 June 2011	52 weeks to 26 June 2010
	£'000	£'000
Issued and fully paid		
1,454,399,850 (June 2010: 1,454,399,850) ordinary shares of 5p each	72,720	72,720

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 25 JUNE 2011

9 Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset financial liability and equity instrument are disclosed in the accounting policy note

Categories of financial instruments		2011	2010
		£'000	£ 000
Financial assets at amortised cost			
Cash		5,210	2,918
Loans and receivables - Trade and other receivables	- non current	14,500	14,500
	- current	15,404	11,036
		35,114	28,454
Financial liabilities at amortised cost			
Bank overdrafts		-	-
Trade and other payables		22,304	19,546

Financial risk management objectives

The executive team is responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively, embedding a risk mitigation culture throughout the company. The board and the audit and risk management committee are provided with a consolidated view of the risk profile of the company. All major exposures are identified and mitigating controls identified and implemented.

Regular management reporting and assessment of the effectiveness of controls by internal audit provide a balanced assessment of the effectiveness of key risks and controls.

The company does not use derivatives or other financial instruments for speculative or non speculative purposes. The central group finance function communicates with operating divisions and consolidates the company's requirements. It plays a role in the identification and management of the following risks: interest rate risk, credit risk and liquidity risk.

Market Risk

The company's activities expose it primarily to the financial risks of changes in interest rates. The Steinhoff UK group manages interest rate risk centrally through its central treasury function. Individual company's cash resources are consolidated and matched with the net funding requirements sourced from three sources namely internally generated funds, the company facilities and group resources. All transactions are in sterling so there is no exposure to foreign currency risk.

Interest rate risk management

Interest rate risk is managed centrally. All interest bearing assets of the company are at variable rates of interest and are structured to achieve a competitive market related cost of funding. The majority of the other interest payable relates to interest on rent reviews which are under negotiation and interest is charged at a mixture of fixed and variable rates. Rent reviews are settled on a timely basis to minimise this risk.

The sensitivity analysis below has been determined based on the exposure to interest rates throughout the year and a stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period.

At the reporting date, if interest rates had been 50 basis points lower and all other variables were held constant, the company's net profit would decrease by £41,000 (2010: £6,000). If interest rates had been 50 basis points higher and all other variables were held constant, the company's net profit would increase by £41,000 (2010: £6,000).

Credit risk management

Potential concentration of credit risk consist principally of short-term cash and cash equivalent investments, trade and other receivables. The company deposits short-term cash surpluses with the same bank granting it overdraft facilities. The ability of group undertakings to repay trade and other amounts receivable is assessed. Whilst some undertakings are in a net liability position, consideration has been given to the letters of support the relevant undertakings have received. The company performs ongoing credit evaluations on the financial condition of third party tenants. At 25 June 2011, the company did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment.

STEINHOFF UK GROUP PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 25 JUNE 2011**

9 Financial instruments (continued)

Liquidity risk management

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities and has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities except where the company is entitled and intends to repay the liability before its maturity

	0 - 3 months £000
2011	
Amounts payable to group companies	7,044
Trade and other payables	15,260
	<u>22,304</u>
2010	
Amounts payable to group companies	1,786
Trade and other payables	17,760
	<u>19,546</u>

Fair values

The fair values of the company's trade receivables cash and cash equivalents, trade payables short-term provisions and loans and overdrafts with a maturity of less than one year are assumed to approximate to their book value

10 Financial commitments

The company has entered into a composite cross guarantee with the other companies in the Steinhoff UK Group to guarantee the Steinhoff UK group's bank loans and overdrafts. The maximum potential liability under this guarantee is limited to £50,000,000 (2010: £50,000,000)

Lease commitments are in relation to short and long term leases in respect of certain land and buildings. Leases are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs

Company as lessee

The administration of leases for land and buildings was transferred from Homestyle Operations Limited (a fellow subsidiary) to this company in a prior period. Certain leases have been entered in to by Steinhoff UK Group Properties Limited which are also included in the analysis below. Steinhoff UK Group Properties Limited pays all costs arising from these leases and recharges these costs to other Steinhoff UK companies who occupy the properties. The amount recharged in the current period is included in note 13

At the balance sheet date the expected payments under these operating leases were as follows

	52 weeks to 25 June 2011 £'000	52 weeks to 26 June 2010 £'000
Amount falling due		
Within one year	31,994	55,320
Between two and five years	109,408	189,038
After five years	118,594	220,300
Total	<u>259,996</u>	<u>464,658</u>

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 25 JUNE 2011

10 Financial commitments (continued)

Company as lessor

At the balance sheet date the following future minimum lease payments contracted were

	52 weeks to 25 June 2011 £'000	52 weeks to 26 June 2010 £ 000
Within one year	5	3,150
Between two and five years	-	1,483
After five years	-	1,166
Total	5	5,799

This includes income arising from leases which the company administers on behalf of other companies within the Steinhoff UK Holdings Group and leases entered in to by these companies. Steinhoff UK Group Properties Limited pays all costs arising from these leases, and recharges these costs to other Steinhoff UK companies who occupy the properties.

11 Capital commitments

Capital expenditure contracted for but not provided in the accounts at 25 June 2011 amounted to £804,000 (2010: £702,000)

12 Parent company and ultimate controlling party

The company is a wholly-owned subsidiary undertaking of Steinhoff UK Retail Limited, a company registered in England and Wales.

The ultimate controlling party is Steinhoff International Holdings Limited, a company incorporated in The Republic of South Africa.

The smallest group for which the results of the company are consolidated is headed by Steinhoff UK Holdings Limited. Copies of these consolidated financial statements may be obtained from 5th Floor, Festival House, Jessop Avenue, Cheltenham, Gloucestershire, GL50 3SH, England.

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.

13 Related party transactions

Transactions between the company and other companies within the group headed by Steinhoff International Holdings Limited are disclosed below.

	Property rentals and associated income £'000	Recharges for services £'000	Long-term amounts owed by related parties £'000	Short-term amounts owed by related parties £'000	Amounts owed to related parties £'000
52 weeks ended 25 June 2011					
Other companies in the Steinhoff group	84,387	621	14,500	11,021	(7,044)
52 weeks ended 26 June 2010					
Other companies in the Steinhoff group	107,978	647	14,500	5,708	(1,786)

All transactions are made on an arms length basis. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

The company's income and expenditure reduced during the financial period as a result of the transfer of lease interests in certain properties to another company.

The non-current amounts owed to group undertakings all fall due for repayment on or after 30 September 2012. No interest is charged on these loans.