

STEINHOFF UK GROUP PROPERTIES LIMITED

**ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 29 JUNE 2013**

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 29 June 2013

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 29 June 2013 are set out on pages 6 to 19. The profit after tax for the period was £4,620,000 (53 week period ended 30 June 2012: £3,181,000)

The Directors cannot recommend payment of a dividend (53 week period ended 30 June 2012: same)

Enhanced business review

The company's parent company is Steinhoff UK Holdings 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 indicator is rental income, which increased from £69,803,000 to £71,211,000

The company's income and expenditure increased during the financial period as a result of a number of new lease acquisitions and is set against prior year lease expiries and asset management deals on non-core properties in the estate

During the period under review the operating profit was £4,614,000 (30 June 2012: £3,021,000)

The improved profitability in the current year stemmed from a combination of favourable rent review settlements, recovery of certain dilapidation settlements and rates credits following appeals against the 2010 revaluation

The company's net assets were £13,247,000 (30 June 2012: £8,627,000)

The net cash inflow from operating activities totalled £11,800,000 (2012: net cash outflow: £6,188,000). The majority of this movement is due to a reduction in group receivables. Included within net cash inflow from operating activities are Landlords' inducements of £1,206,000 (2012: £264,000)

Principal risks and uncertainties

The principal risks facing the company are the risks of tenants defaulting or properties remaining vacant. In the case of third party leases this is mitigated through a programme of active property portfolio management by the company's management team. The vast majority of the rental contracts are with related parties.

The Directors believe the company is well positioned as the vast majority of 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 11 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

P J Dieperink
G Forsyth
J H Robins

Supplier payment policy

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

Environment

The company is committed to reducing the potential impact of its activities on the environment. A full time energy manager is employed by the Steinhoff UK Group, to assist in reducing emissions and ensure compliance with UK emission policy

Initiatives include

- energy efficient lighting schemes being fitted as standard in all new stores,
- better control of interface between heating and cooling at stores,
- certain stores being powered by renewable energy sources,
- where appropriate the use of solar PV panels

The Steinhoff UK Group as a whole reduced its carbon emissions by 5% in the year ending 30 June 2013

Auditor

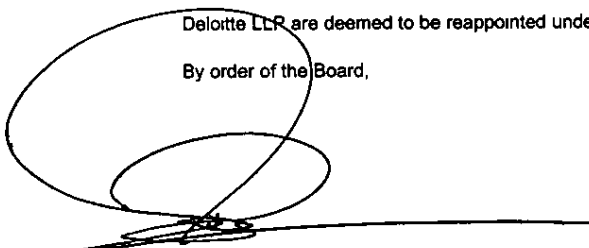
Each of the Directors at the date of approval of this annual report confirms that

- 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
28 March 2014

STEINHOFF UK GROUP PROPERTIES LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT

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 29 June 2013 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 15. 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 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 annual report to identify material inconsistencies with the audited financial statements. If we become aware of any 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 29 June 2013 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

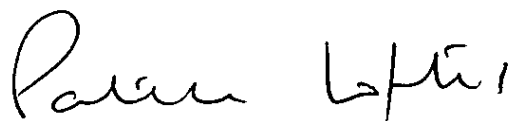
Opinion on other matter prescribed by the Companies Act 2006

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 BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester United Kingdom

28 March 2014

STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
52 WEEKS TO 29 JUNE 2013

		52 weeks to 29 June 2013 £'000	53 weeks to 30 June 2012 £'000
Continuing operations	Notes		
Revenue - rental and associated property income		71,211	69,803
Operating expenses		(66,597)	(66,782)
Operating profit		4,614	3,021
Finance income		121	261
Finance cost		(77)	(51)
Net finance income		44	210
Profit before taxation	1	4,658	3,231
Taxation charge	2	(38)	(50)
Profit for the period		4,620	3,181

The accompanying notes are an integral part of these financial statements

As there are no items which would be recognised in a separate statement of comprehensive income other than the net profit for the year, the company has adopted the approach allowable in IAS 1 81(a) to present one statement of comprehensive income

STEINHOFF UK GROUP PROPERTIES LIMITED
BALANCE SHEET
AT 29 JUNE 2013

	Notes	29 June 2013 £'000	30 June 2012 £'000
Non-current assets			
Property, plant & equipment	4	16,221	8,002
Investments in subsidiary undertakings	5	-	-
		<u>16,221</u>	<u>8,002</u>
Current assets			
Current tax assets		-	38
Trade and other receivables	6	38,901	46,514
		<u>38,901</u>	<u>46,552</u>
Current liabilities			
Trade and other payables	7	(26,039)	(28,512)
Bank overdrafts	8	(868)	(3,085)
Short term provisions	9	(4,279)	(3,971)
		<u>(31,186)</u>	<u>(35,568)</u>
Net current assets		<u>7,715</u>	<u>10,984</u>
Total assets less current liabilities		<u>23,936</u>	<u>18,986</u>
Non-current liabilities			
Long term provisions	9	(10,689)	(10,359)
		<u>(10,689)</u>	<u>(10,359)</u>
Net assets		<u>13,247</u>	<u>8,627</u>
Equity			
Share capital	10	72,720	72,720
Share premium account		7,867	7,867
Retained earnings		(67,340)	(71,960)
		<u>(67,340)</u>	<u>(71,960)</u>
Shareholders' funds		<u>13,247</u>	<u>8,627</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 28 March 2014


P Dieperink
Director

STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF CHANGES IN EQUITY
52 WEEKS TO 29 JUNE 2013

	Share capital £'000	Share premium account £'000	Retained Earnings £'000	Total £'000
At 26 June 2011	72,720	7,867	(75,196)	5,391
Share based payments	-	-	55	55
Profit for the period	-	-	3,181	3,181
	<hr/> 72,720	<hr/> 7,867	<hr/> (71,960)	<hr/> 8,627
At 30 June 2012				
At 1 July 2012	72,720	7,867	(71,960)	8,627
Profit for the period			4,620	4,620
	<hr/> 72,720	<hr/> 7,867	<hr/> (67,340)	<hr/> 13,247
At 29 June 2013				

STEINHOFF UK GROUP PROPERTIES LIMITED
CASH FLOW STATEMENT
52 WEEKS TO 29 JUNE 2013

	52 weeks to 29 June 2013 £000	53 weeks to 30 June 2012 £000
Cash flows from operating activities		
Operating profit	4,614	3,021
Depreciation	1,397	829
Loss on disposal of property, plant and equipment	11	50
Share based payment charge	-	55
Lease surrender premiums	-	(550)
Landlord's inducements	1,206	264
Property provisions	638	(76)
Operating cash flows before changes in working capital	7,866	3,593
Movement of non-current receivables to trade and other receivables	-	14,500
Decrease/(increase) in trade and other receivables	7,613	(17,163)
Decrease in trade and other payables	(3,679)	(7,118)
Net cash generated by/(used in) from operating activities	11,800	(6,188)
Cash flows from investing activities		
Purchase of property, plant and equipment	(34,001)	(10,602)
Lease surrender premiums received	-	550
Proceeds from disposal of property, plant and equipment	24,374	7,735
Net cash used in investing activities	(9,627)	(2,317)
Cash flows from financing activities		
Net interest received	44	210
Net cash flows generated by financing activities	44	210
Net increase/(decrease) in cash and cash equivalents	2,217	(8,295)
Opening cash and cash equivalents	(3,085)	5,210
Closing cash and cash equivalents	(868)	(3,085)
Cash and cash equivalents comprise of cash at bank and bank overdrafts		

STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE 52 WEEKS ENDED 29 JUNE 2013

The principal accounting policies are set out below and have been consistently applied through both the current and preceding financial periods

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted for use in the European Union

Consolidated financial statements have not been prepared by the company as permitted by Section 400 of the Companies Act 2006 as the company and its subsidiaries are included in the consolidated financial statements of Steinhoff UK Holdings Limited

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

The company consolidates its forecasts and projections into those of the Steinhoff UK Holdings group. After taking into account future trading and uncertainty surrounding the economy, 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, given the letter 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 financial statements

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

<i>Structural assets</i>	2% per annum
Long leasehold	Straight line over the term of the lease
Structural assets	
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 statement of comprehensive income 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 statement of comprehensive income

Revenue recognition

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

Investments

Investments in subsidiary undertakings are initially measured at cost, including transaction costs. At subsequent reporting dates, investments are carried at cost subject to annual impairment review

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 29 JUNE 2013

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 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 except where the carrying amount is reduced through the use of an allowance account. When a 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 unrepresented 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 statement of comprehensive income. 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 29 JUNE 2013

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.

- Annual improvements to IFRSs 2009-2011 Cycle (May 2012),
- Amendments to IAS 32 (December 2011) Offsetting Financial Assets and Financial Liabilities,
- Amendments to IFRS 7 (December 2011) Disclosures – Offsetting Financial Assets and Financial Liabilities,
- IFRS 9 Financial Instruments,
- IAS 19 (revised June 2011) Employee Benefits,
- IFRS 13 Fair Value Measurement,
- IFRS 12 Disclosure of Interests in Other Entities,
- IFRS 11 Joint Arrangements,
- IFRS 10 Consolidated Financial Statements,
- IAS 28 (revised May 2011) Investments in Associates and Joint Ventures,
- IAS 27 (revised May 2011) Separate Financial Statements,
- Amendments to IFRS 1 (March 2012) Government Loans,
- Amendments to IFRS 10, IFRS 12 and IAS 27 (October 2012) Investment Entities,
- Amendments to IAS 36 (May 2013) Recoverable Amount Disclosures for Non-Financial Assets, and
- Amendments to IAS 39 (June 2013) Novation of Derivatives and Continuation of Hedge Accounting

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 29 JUNE 2013

1 Operating profit

52 weeks to 29 June 2013 £'000	53 weeks to 30 June 2012 £'000
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The profit before tax is stated after charging/(crediting)

Operating lease rentals - leasehold properties

38,339	39,725
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Loss on disposal of property, plant & equipment

11	50
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Staff costs

1,170	1,069
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Amortisation of lease surrender premiums

-	(550)
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Depreciation

1,397	829
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Auditor's remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts

21	20
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There were no amounts paid to the auditor for non-audit services in either period

2 Taxation

52 weeks to 29 June 2013 £'000	53 weeks to 30 June 2012 £'000
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Current tax

Difference in respect of prior period corporation tax

-	(88)
---	------

Deferred tax

Origination and reversal of timing differences

-	14
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Difference in respect of prior period deferred tax

(38)	24
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Total taxation charge

(38)	(50)
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The tax charge for the period can be reconciled to the profit per the statement of comprehensive income as follows

Profit before taxation

4,658	3,231
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Tax at the current UK corporation tax rate of 23.75% (2012: 25.5%)

(1,106)	(824)
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Expenses not deductible for tax purposes

(14)	(23)
------	------

Chargeable gains

44	(22)
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Change in rate of corporation tax

-	(2)
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Timing differences not recognised

1,076	885
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Prior period adjustment

(38)	(64)
------	------

Total taxation charge

(38)	(50)
------	------

23.75% is the average rate of corporation tax for the year following the reduction in the UK rate from 24% to 23% with effect from 1 April 2013

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 £3,630,000 (2012: £4,696,000)

The UK Government announced a reduction in the UK corporation tax rate from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. As this was not substantively enacted until 2 July 2013, the deferred tax balances have been calculated using the rate in operation at 29 June 2013 of 23%. Future rate reductions would further reduce the UK deferred tax assets and liabilities calculated but the actual impact will be dependent on the deferred tax position at the time.

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 29 JUNE 2013

3 Staff costs

	52 weeks to 29 June 2013 £'000	53 weeks to 30 June 2012 £'000
Staff costs (including Directors)		
Wages and salaries	1,004	920
Social security costs	120	103
Pension costs	46	46
	1,170	1,069

The average number of staff, all administration employees, including key management personnel, was 23 (53 weeks to 30 June 2012 21)

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 29 June 2013 £'000	53 weeks to 30 June 2012 £'000
Salary and short term employment benefits	169	168
Post employment benefits	16	16
	185	184

Post employment benefits reflect contributions to a defined benefit contribution scheme

The emoluments of Messrs Diepenknk and Robins were paid by fellow subsidiary Steinhoff UK Retail Limited (formerly Homestyle Operations Limited) It is not practicable to split their remuneration between their services to group companies

4 Property, plant & equipment

	Assets under construction £'000	Structural assets £'000	Fittings, equipment & computers £'000	Total £'000
Cost				
At 1 July 2012	779	11,851	355	12,985
Additions	23,910	10,060	31	34,001
Disposals	-	(348)	-	(348)
Transferred to fellow group company	(24,262)	-	-	(24,262)
At 29 June 2013	427	21,563	386	22,376
Depreciation				
At 1 July 2012	-	4,806	177	4,983
Disposals	-	(225)	-	(225)
Charge for period	-	1,278	119	1,397
At 29 June 2013	-	5,859	296	6,155
Net book amount				
At 29 June 2013	427	15,704	90	16,221
At 1 July 2012	779	7,045	178	8,002

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 29 JUNE 2013

4 Property, plant & equipment (continued)

	Assets under construction	Structural assets	Fittings, equipment & computers	Total
	£'000	£'000	£'000	£'000
Cost				
At 26 June 2011	285	10,129	166	10,580
Additions	8,071	2,342	189	10,602
Disposals	-	(620)	-	(620)
Transferred to fellow group company	(7,577)	-	-	(7,577)
At 30 June 2012	779	11,851	355	12,985
Depreciation				
At 26 June 2011	-	4,444	122	4,566
Disposals	-	(412)	-	(412)
Charge for period	-	774	55	829
At 30 June 2012	-	4,806	177	4,983
Net book amount				
At 30 June 2012	779	7,045	178	8,002
At 26 June 2011	285	5,685	44	6,014

5 Investments in subsidiary undertakings

	29 June 2013 £'000	30 June 2012 £'000
Shares in subsidiary undertakings		
At start of period	-	-
Additions	-	-
At end of period	-	-

During the previous period, 100% of the ordinary and deferred share capital of Serais Investments Limited, an investment property company incorporated in England and Wales, was purchased by the company from a fellow subsidiary of Steinhoff International Holdings Limited for 1p

6 Trade and other receivables

	29 June 2013 £'000	30 June 2012 £'000
Amounts owed by group undertakings	20,665	25,461
Other receivables	721	1,159
Prepayments and accrued income	13,418	13,752
Other taxation recoverable VAT	4,234	6,371
Less provision for impairment of receivables	(137)	(229)
	38,901	46,514

The average credit period on rental and associated property income is 1 day (2012 1 day) The provision for impairment of receivables is estimated by the company's management based on prior experience and the current economic environment

There are no debtors included in the company's other receivable balance which are past due at the reporting date for which the company has not provided

The short-term amounts owed by group undertakings of £20,665,000 (2012 £25,461,000) are repayable on demand The Directors consider there to be no significant credit risk associated with this balance

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
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6 Trade and other receivables (continued)

Movement in the provision for impairment of receivables	29 June 2013 £'000	30 June 2012 £'000
At the start of the period	229	221
Amounts utilised in the period	(92)	(116)
Amounts created in the period	-	124
At the end of the period	137	229

In determining the recoverability of the receivable, the company considers any change in the credit quality of the 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 related parties. The Directors therefore believe that there is no further credit provision required in excess of the impairment of receivables.

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

7 Trade and other payables

	29 June 2013 £'000	30 June 2012 £'000
Trade payables	12,411	13,496
Amounts owed to group undertakings	112	2,016
Accruals and deferred income	13,516	13,000
	26,039	28,512

8 Borrowings

	29 June 2013 £'000	30 June 2012 £'000
Bank overdrafts	868	3,085
The weighted average interest rates paid were	%	%
Bank overdrafts	3.3	3.3

Bank borrowings are arranged at floating interest rates linked to bank base rate. They are repayable on demand. All borrowings are in sterling.

9 Provisions

Property provisions	29 June 2013 £'000	30 June 2012 £'000
At start of period	14,330	14,406
Utilised in the period	(1,217)	(1,311)
Charged to profit and loss account in the period	1,855	2,027
Credited to profit and loss account in the period	-	(792)
At end of period	14,968	14,330
Due less than 1 year	4,279	3,971
Due more than 1 year	10,689	10,359
	14,968	14,330

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.

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10 Share capital	29 June 2013 £'000	30 June 2012 £'000
Issued and fully paid		
1,454,399,850 ordinary shares of 5p each	72,720	72,720

11 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	2013 £'000	2012 £'000
Financial assets at amortised cost		
Loans and receivables - Trade and other receivables - current	25,483	32,762
Financial liabilities at amortised cost		
Bank overdrafts	868	3,085
Trade and other payables	12,523	15,512
	13,391	18,597

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 £7,000 (2012: £32,000). If interest rates had been 50 basis points higher and all other variables were held constant, the company's net profit would increase by £7,000 (2012: £32,000).

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. The company performs ongoing credit evaluations on the financial condition of third party tenants. At 29 June 2013, 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.

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11 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
2013	
Amounts payable to group companies	112
Trade payables	12,411
	<u>12,523</u>
2012	
Amounts payable to group companies	2,016
Trade payables	13,496
	<u>15,512</u>

Fair values

The fair values of the company's 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

12 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 £10,000,000 (2012 £20,000,000)

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 company administers leases for land and buildings for fellow subsidiaries of Steinhoff International Holdings Limited. The below analysis of operating lease commitments however includes only the amounts that the company is legally obliged to pay. Lease commitments for land and buildings which are only administered by the company, but for which the company has no legal obligation, will be disclosed in the company which is legally obliged to make the payments.

	29 June 2013 £'000	30 June 2012 £'000
Amount falling due		
Within one year	14,259	12,176
Between two and five years	52,351	41,434
After five years	38,888	37,429
	<u>105,498</u>	<u>91,039</u>
Total		

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13 Capital commitments

Capital expenditure contracted for but not provided in the accounts at 29 June 2013 amounted to £5,480,000 (2012 £1,187,000)

14 Parent company and ultimate controlling party

The company is a wholly-owned subsidiary undertaking of Steinhoff UK Holdings 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 in which the results of the company are consolidated is that 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

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

15 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	Property rentals and associated expenses	Recharges for services	Amounts owed by related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000	£'000
52 weeks ended 29 June 2013					
Other companies in the Steinhoff group	71,211	(3,426)	1,249	20,665	(112)
53 weeks ended 30 June 2012					
Other companies in the Steinhoff group	69,803	-	1,252	25,461	(2,016)

All transactions have been negotiated on an arms length basis and are no less favourable than those arranged with third parties. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received in respect of the intercompany balances