

STEINHOFF UK GROUP PROPERTIES LIMITED

**ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 JUNE 2010**

Registered number 01024575

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STEINHOFF UK GROUP PROPERTIES LIMITED
CONTENTS

	Page
Directors' Report	2
Directors' Responsibilities Statement	4
Independent Auditors' Report	5
Income Statement	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Statement of Accounting Policies	10
Notes to the Financial Statements	13

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 auditors' report for the 52 week period ended 26 June 2010

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 26 June 2010 are set out on pages 6 to 20. The loss after tax for the period was £5,301,000 (52 week period ended 27 June 2009: 2009 £833,000)

The directors cannot recommend payment of a dividend (52 week period ended 27 June 2009: 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 primarily 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 non-financial focus area for the company in 2010/11 will be preparation for the forthcoming Carbon Reduction Commitment legislation which will start to impact the business in April 2011, although registration in the scheme is required by September 2010

The company's income and expenditure increased during the financial period as a result of the management of the property interests for an additional Steinhoff Group company

During the period under review the operating loss was £7,921,000 (27 June 2009: £2,993,000). The prior year operating loss was reduced by £7,851,000 relating to the transfer of lease interests in certain properties to a company outside of the Steinhoff UK Group

The company continued to incur losses due to a number of vacant properties and lack of asset management deals as a result of the economic downturn. The property portfolio is being actively managed with opportunities sought both within the UK Steinhoff group and externally. The directors expect the company to revert to a profitable position once more properties are fully sub-let or traded

The company's net assets were £2,464,000 (27 June 2009: £7,720,000)

The net cash inflow from operating activities totalled £1,326,000 (2009 outflow of £8,563,000)

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 over 90% of its income is earned from other members of the Steinhoff group. It is also well positioned to restructure existing properties when the real estate market turns

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
P J Diepenink
G Forsyth
M Ashcroft

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

Auditors

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 auditors are unaware and
- b) the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are 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,

6 October 2010


P Diepenink
Director

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 AUDITORS' 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 26 June 2010 which comprise the Income Statement, 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 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 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 26 June 2010 and of its loss 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.



Patnick Loftus (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester United Kingdom

7 October 2010

STEINHOFF UK GROUP PROPERTIES LIMITED
INCOME STATEMENT
52 WEEKS TO 26 JUNE 2010

		52 weeks to 26 June 2010 £'000	52 weeks to 27 June 2009 £'000
Continuing operations	Notes		
Revenue - rental and associated property income		112,284	92 634
Operating expenses		(120,205)	(95 627)
Operating loss		(7,921)	(2,993)
Finance income		194	167
Finance cost		(241)	(134)
Total finance (expense) / income		(47)	33
Loss before taxation	1	(7,968)	(2 960)
Taxation credit	2	2,667	2,127
Loss for the period		(5,301)	(833)

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 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 26 JUNE 2010

	Notes	52 weeks to 26 June 2010 £'000	52 weeks to 27 June 2009 £ 000
Non-current assets			
Property, plant & equipment	4	6,270	7,514
Amounts owed by group undertakings	5,13	<u>14,500</u>	<u>14 500</u>
		20,770	22,014
Current assets			
Current tax assets		2,614	2,037
Trade and other receivables	5	<u>26,950</u>	<u>25,994</u>
Cash at bank		<u>2,918</u>	<u>404</u>
		32,482	28,435
Current liabilities			
Trade and other payables	6	<u>(36,951)</u>	<u>(28,242)</u>
Tax liabilities		-	-
Short term provisions	7	<u>(4,678)</u>	<u>(3 535)</u>
		(41,629)	(31 777)
Net current liabilities		<u>(9,147)</u>	<u>(3 342)</u>
Total assets less current liabilities		11,623	18 672
Non-current liabilities			
Long term provisions	7	<u>(9,159)</u>	<u>(10,952)</u>
Net assets		<u>2,464</u>	<u>7,720</u>
Equity			
Share capital	8	72,720	72,720
Share premium account		7,867	7 867
Retained earnings		<u>(78,123)</u>	<u>(72 867)</u>
Shareholders' funds		<u>2,464</u>	<u>7 720</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 6 October 2010


P. Dieperink
Director

STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF CHANGES IN EQUITY
52 WEEKS TO 26 JUNE 2010

	Share capital £'000	Share premium account £'000	Profit & Loss Account £'000	Total £'000
At 28 June 2008	72,720	7,867	(72,035)	8,552
Share based payments	-	-	1	1
Loss for the period	-	-	(833)	(833)
At 27 June 2009	<u>72,720</u>	<u>7,867</u>	<u>(72,867)</u>	<u>7,720</u>
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>

STEINHOFF UK GROUP PROPERTIES LIMITED
CASH FLOW STATEMENT
52 WEEKS TO 26 JUNE 2010

	52 weeks to 26 June 2010 £000	52 weeks to 27 June 2009 £000
Cash flows from operating activities		
Operating loss	(7,921)	(2,993)
Depreciation and fixed asset impairments	716	616
Loss on disposal of property, plant and equipment	220	188
Share based payment charge	45	1
Lease surrender premiums	(927)	(460)
Landlord's inducements	395	666
Property provisions	(650)	(7 831)
Operating cash flows before changes in working capital	(8,122)	(9 813)
Decrease in trade and other receivables including current tax asset	1,134	461
Increase in trade and other payables	8,314	789
Net cash inflow/(outflow) from operating activities	1,326	(8 563)
Cash flows from investing activities		
Purchase of property plant and equipment	(6,183)	(1 122)
Lease surrender premiums received	927	460
Proceeds from disposal of property, plant and equipment	6,491	10
Net cash inflow/(outflow) from investing activities	1,235	(652)
Cash flows from financing activities		
Net interest (paid)/received	(47)	33
Net cash flows from financing activities	(47)	33
Net increase/(decrease) in cash and cash equivalents	2,514	(9,182)
Opening cash and cash equivalents	404	9 586
Closing cash and cash equivalents	2,918	404
Cash and cash equivalents comprise cash at bank		

**STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE 52 WEEKS ENDED 26 JUNE 2010**

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 26 June 2010 the directors have adopted the going concern basis having taken into account the availability of continuing financial support for the foreseeable future from the parent company 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 as follows

<i>Structural assets</i>	
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 26 JUNE 2010

Financial instruments (continued)

Derivative financial instruments

The company does not enter in to 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

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements:

- Amendment to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures regarding reclassifications of financial assets. The amendment to IAS 39 permits an entity to reclassify non-derivative financial assets out of the 'fair value through profit or loss' (FVTPL) and 'available for sale' (AFS) categories in very limited circumstances. Such reclassifications are permitted from 1 July 2008. Reclassifications of financial assets made in periods beginning on or after 1 November 2008 take effect only from the date when the classification is made. The company does not hold any non-derivative financial assets and hence, no such reclassifications have been made.

STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF ACCOUNTING POLICIES (continued)
FOR THE 52 WEEKS ENDED 26 JUNE 2010

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

- Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (January 2010)
- Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions (June 2009),
- IFRS 9 Financial Instruments,
- IAS 24 Related Party Disclosures (revised November 2009),
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement (November 2009),
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments,
- Improvements to IFRSs 2009, and
- Improvements to IFRSs 2010

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 JUNE 2010

1 Loss before tax

	52 weeks to 26 June 2010 £'000	52 weeks to 27 June 2009 £'000
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The loss before tax is stated after charging/(crediting)
Operating lease rentals - leasehold properties (note 10)
Loss on disposal of fixed assets
Lease surrender premiums
Depreciation

	77,756	64,940
	220	188
	(927)	(460)
	716	616

Auditors' remuneration

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

	29	10
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There were no amounts paid to the auditors for non-audit services in either period

2 Taxation

	52 weeks to 26 June 2010 £'000	52 weeks to 27 June 2009 £'000
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Current tax

UK corporation tax credit at 28% (June 2009 28%) on loss for the period

	2,655	2,127
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Deferred tax

Origination and reversal of timing differences

	12	-
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Total taxation

	2,667	2,127
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The tax charge for the period can be reconciled to the loss per the income statement as follows

Loss before taxation

	(7,968)	(2,960)
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Tax at the current UK corporation tax rate of 28% (2009 28%)

	2,231	829
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Expenses not deductible for tax purposes

	(55)	5
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Capital allowances for period in excess of depreciation

	84	-
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Movement in deferred tax asset not recognised

	586	1,346
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Chargeable gains

	(190)	(143)
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Prior period adjustment

	11	90
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Total taxation

	2,667	2,127
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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 £4,322,000 (2009 £4,894,000)

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 JUNE 2010

3 Staff costs

	52 weeks to 26 June 2010 £'000	52 weeks to 27 June 2009 £'000
Staff costs (including directors)		
Wages and salaries	818	437
Social security costs	94	52
Pension costs	35	22
	947	511

The average number of staff all administration employees, including key management personnel, was 22 (52 weeks to 27 June 2009 10)

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 26 June 2010 £'000	52 weeks to 27 June 2009 £'000
Salary and short term employment benefits	138	132
Post employment benefits	14	14
	152	146

Post employment benefits reflect contributions to a defined benefit contribution scheme

The emoluments of Messrs Topping, Dieperink and Ashcroft were paid by fellow subsidiary Homestyle 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 this company.

The aggregate remuneration attributable to the directors of the company in both the period ended 26 June 2010 and the period ended 27 June 2009 falls below £200,000 and as such the company has not disclosed information on its highest paid director.

4 Property, plant & equipment

	Assets under construction £'000	Structural assets £'000	Fittings, equipment & computers £'000	Total £'000
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	6,317	67	7,514

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 JUNE 2010

4 Property, plant & equipment (continued)	Assets under construction	Structural assets £'000	Fittings, equipment & computers £'000	Total £'000
Cost				
At 29 June 2008	858	9,249	131	10,238
Additions	3,925	848	2	4,775
Disposals	-	(360)	-	(360)
Transferred to fellow group company	(3 653)	-	-	(3,653)
At 27 June 2009	1 130	9 737	133	11,000
Depreciation				
At 29 June 2008	-	2,991	41	3,032
Disposals	-	(162)	-	(162)
Charge for period	-	591	25	616
At 27 June 2009	-	3,420	66	3,486
Net book amount				
At 27 June 2009	1,130	6,317	67	7,514
At 29 June 2008	858	6,258	90	7,206

	52 weeks to 26 June 2010 £'000	52 weeks to 27 June 2009 £'000
5 Trade and other receivables		
Trade receivables - amounts owed by group undertakings	-	2,482
Trade receivables - other	3,774	2,364
Less provision for impairment of other trade receivables	(308)	(921)
Trade receivables	3,466	3,925
Amounts owed by group undertakings	5,708	1,244
Other receivables	1,862	5,206
Prepayments and accrued income	15,914	15 619
	26,950	25 994

Trade receivables includes £0 (2009 £2,482,000) due from group undertakings arising from the letting and management of properties

The average credit period on rental and associated property income is 5 days (2009 14 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 £112,000 (2009 £56,000) 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 (2009 same)

Amounts owed by group undertakings included in trade debtors are incurred in the normal course of trading The remaining short-term amounts owed by group undertakings are loans of £5 708 000 (2009 £1,244,000) which are repayable on demand Long-term amounts owed by group undertakings total £14,500,000, and are repayable on or after 30 September 2011 The directors consider there to be no significant credit risk associated with these balances

Movement in the allowance for doubtful debts	2010 £'000	2009 £'000
At the start of the period	921	479
Increase in allowance recognised in the income account	-	451
Amounts written off in the period	(613)	(9)
At the end of the period	308	921

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 26 JUNE 2010

5 Trade and other receivables (continued)

Included in the allowance for doubtful debts are specific trade receivables with a balance of £0 (2009 £596,000) which have been placed under liquidation. These amounts have been fully provided for at the year end.

The ageing of receivables is:

	2010	%	2009	%
	£'000		£'000	
Neither past due nor impaired	10,924	99.0%	10,319	99.5%
Past due up to 3 months but not impaired - trade receivables	112	1.0%	56	0.5%
	11,036	100%	10,375	100%

6 Trade and other payables

	52 weeks to 26 June 2010	52 weeks to 27 June 2009
	£'000	£'000
Trade payables	17,760	14,786
Amounts owed to group undertakings	1,786	498
Accruals and deferred income	17,405	12,958
	36,951	28,242

7 Provisions

Property provisions	52 weeks to 26 June 2010	52 weeks to 27 June 2009
	£'000	£'000
At start of period	14,487	22,318
Transferred from fellow group company	-	436
Costs incurred in the period	(855)	(1,426)
Charged to profit and loss account in the period	205	1,010
Credited to profit and loss account in the period	-	(7,851)
At end of period	13,837	14,487
Due less than 1 year	4,678	3,535
Due more than 1 year	9,159	10,952
	13,837	14,487

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. In the current year the charge to the income statement in relation to this provision was nil (2009 £1.3 million).

In the prior year the credit to the income statement of £7.9 million related to the transfer of lease interests in certain properties to a company outside of the Steinhoff UK Group.

8 Share capital

	52 weeks to 26 June 2010	52 weeks to 27 June 2009
	£'000	£'000
Authorised		
1,520,000,000 (June 2009 1,520,000,000) ordinary shares of 5p each	76,000	76,000
Allotted, called-up and fully paid		
1,454,399,850 (June 2009 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 26 JUNE 2010

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		2010 £'000	2009 £ 000
Financial assets at amortised cost			
Cash		2,918	404
Loans and receivables - Trade and other receivables	- non current	14,500	14,500
	- current	11,036	10,375
		28,454	25,279
Financial liabilities at amortised cost			
Trade and other payables		19,546	15,284

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. 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 £6,000 (2009: £4,000).

Credit Risk Management

Potential concentration of credit risk consists 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 26 June 2010, 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 26 JUNE 2010

9 Financial instruments (continued)

Liquidity Risk Management

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 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 by ensuring that adequate borrowing facilities are available. The company generates its own cash to meet obligations, and additional cash is obtained from existing lines of credit and from group facilities based on forecast requirements.

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
2010	
Amounts payable to group companies	1 786
Trade and other payables	17 760
	<u>19,546</u>
2009	
Amounts payable to group companies	498
Trade and other payables	14,786
	<u>15,284</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 (2009 £40 750,000).

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 into by Steinhoff UK Properties 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 1.

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

	52 weeks to 26 June 2010 £'000	52 weeks to 27 June 2009 £'000
Amount falling due		
Within one year	55,320	55,655
Between two and five years	189,038	195,243
After five years	220,300	269,014
Total	<u>464,658</u>	<u>519,912</u>

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 JUNE 2010

10 Financial commitments (continued)

Company as lessor

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

	52 weeks to 26 June 2010 £'000	52 weeks to 27 June 2009 £'000
Within one year	3,150	2,916
Between two and five years	1,483	4,230
After five years	1,166	2,257
Total	5,799	9,403

This includes income arising from leases which the company administers on behalf of Homestyle Operations Ltd and leases entered in to by this company. 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 26 June 2010 amounted to £702,000 (27 June 2009 £313,000)

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 Formal Industrial Business Park, Northway Lane, Ashchurch, Tewkesbury, GL20 8GY, 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 26 June 2010					
Other companies in the Steinhoff group	107,978	647	14,500	5,708	(1,786)
52 weeks ended 27 June 2009					
Other companies in the Steinhoff group	87,094	766	14,500	3,726	(498)

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 non-current amounts owed to group undertakings all fall due for repayment on or after 30 September 2011. No interest is charged on these loans.

STEINHOFF UK GROUP PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 26 JUNE 2010

14 Share based payments

Certain employees of the company are members of the Steinhoff International Holdings Limited share incentive scheme. The following disclosure is an extract from Steinhoff International Holdings Limited's statutory financial statements for the year ended 30 June 2010 in relation to this scheme, monetary values are stated in South African rand. For the avoidance of doubt, there are no share incentive schemes which offer shares in Steinhoff UK Group Properties Limited.

Extract from the financial statements of Steinhoff International Holdings Limited

"At the annual general meeting on 1 December 2003, a new share incentive scheme was approved and implemented. The share rights granted in December 2006, June 2007, December 2007, December 2008 and various dates from 1 July 2009 to 1 December 2009 relate to the 2003 scheme, and are subject to the dates for achievement of the following:

a) A compound growth in HEPS of the company, over the three completed financial years commencing on 1 July 2006, 1 July 2007, 1 July 2008 and 1 July 2009 respectively, equal to or exceeding the weighted average growth of the companies included in and comprising the INDI 25 over a three-year period from the effective date.

b) The volume-weighted average traded share price of the company over the 30-trading days immediately preceding the measurement date to exceed the result of the following formula:

$\frac{[(a-b)/b]+1}{c} \times c$, where

a = the INDI 25 at the measurement date

b = the INDI 25 at the effective date

c = the volume-weighted average traded share price of the company for the 30-trading days immediately preceding the effective date.

Under the 2006 share incentive grant, participants were granted rights on 1 December 2006, 15 June 2007 and 1 December 2007. These rights are to be acquired subject to meeting performance vesting conditions. It is noted that the market-related performance hurdles in respect of the share incentive grant were not met and the share rights in terms of this grant did not vest.

Under the 2008 share incentive grant, participants were granted rights on 1 December 2008. These rights are to be acquired subject to meeting future performance vesting conditions. Vesting of rights may occur on 1 December 2011. Refer to note 43 for vesting conditions."

Under the 2007, 2008 and 2009 share incentive grants, participants were granted rights on 1 December 2007, 1 December 2008 and various dates from 1 July 2009 to 1 December 2009. These rights are to be acquired subject to meeting future performance vesting conditions. Vesting of rights may occur on 1 December 2010, 1 December 2011 and 1 December 2012."

"The fair value of services received in return for share rights granted is measured by reference to the fair value of the share rights granted. The estimated fair value of the services received is measured based on the assumption that all vesting conditions are met and all employees remain in service. The pricing model used was the Black-Scholes model. The volatility was estimated using the Steinhoff daily closing share price over a rolling three-year period."

	2009 grants	2008 grants	2007 grants	2006 grants
Fair value of share rights and assumptions				
Fair value at measurement date	R8 98 to R11 07	R2 87	R9 47	R2 48 to R12 12
Share price at grant date	R13 96 to R18 84	R8 74	R19 08	R19 08 to R23 19
Exercise price	R0 005	R0 005	R0 005	R0 005
Expected volatility	40 93% to 49 80%	64 09%	30 52%	26 88% to 31 57%
Dividend yield	4 84% to 5 88%	3 67%	2 20%	1 48% to 2 20%
Risk-free interest rate	7 82% to 8 29%	8 53%	9 08%	8 18% to 9 53%
Option life	3 to 3 4 years	3 years	3 years	2 to 3 years