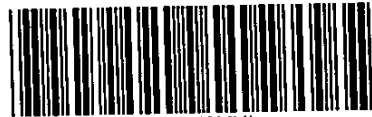


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**HARRODS PROPERTY
HOLDINGS LIMITED**

FINANCIAL STATEMENTS

**For the Period ended
28 JANUARY 2012**

Company number: 5985333

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HARRODS PROPERTY HOLDINGS LIMITED
REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of Harrods Property Holdings Limited and its subsidiary company ("the group") for the period ended 28 January 2012.

Principal activity

The principal activity of the company is that of an investment holding company

The principal activity of the group is the ownership and management of property and buildings

Business review

There was a profit for the period after taxation amounting to £5.1m (2011 £1.5m). The directors did not pay a dividend in the period (2011 £nil).

The market value of the properties held is estimated to be £329m (2011 £205m) higher than the carrying value in the accounts.

Directors

The present membership of the Board is set out below. All served on the Board throughout the period unless otherwise noted.

M Ward
B Smith
A M Al-Sayed
H Al-Abdulla
K Al Kuwari
K Maamria

No director has had a material interest, directly or indirectly, at any time during the period in any contract significant to the company.

Going concern

The company has a surplus of shareholders' funds at 28 January 2012 (deficit at 29 January 2011). The directors consider it appropriate for these financial statements to be prepared on a going concern basis as the company has entered into appropriate hedging arrangements to ensure that its rental income is sufficient to meet the company's obligations due under its bank loan. The company has sufficient cash reserves to meet any administrative expenses.

Credit risk

The group has a significant loan to a related party. The loan to QH Partners Limited is ultimately considered recoverable against other assets and investments directly or indirectly supporting the nominal value of this loan.

Liquidity risk

Rents receivable from Harrods Limited are used to fund interest and loan repayments due under the company's bank loan. Cash flow risk on these rents is mitigated by the use of the swap arrangements disclosed in note 10 to the financial statements.

Interest rate risk

The company's exposure to interest rate fluctuations on its borrowings has been eliminated by entering into swap agreements that fix the rate of interest over the term of the borrowings.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

HARRODS PROPERTY HOLDINGS LIMITED
REPORT OF THE DIRECTORS

Auditors

Ernst & Young LLP were appointed as auditors on 12th January 2012 and having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act

BY ORDER OF THE BOARD



J M Goldberg
Company Secretary
19th July 2012

Registered Office
87 - 135 Brompton Road
Knightsbridge
London, SW1X 7XL

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HARRODS PROPERTY HOLDINGS LIMITED

We have audited the financial statements of Harrods Property Limited for the period from 30 January 2011 to 28 January 2012 which comprises the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 January 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom General Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

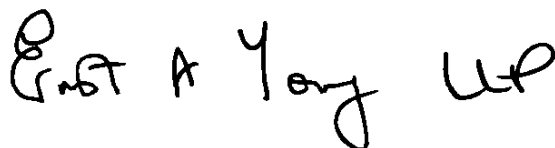
In our opinion the information given in the Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
HARRODS PROPERTY HOLDINGS LIMITED**

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



Philippa Jane Green, Senior Statutory Auditor
for and on behalf of Ernst & Young LLP
Statutory Auditor
1 More London Place
London
SE1 2AF

23 July 2012

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards.

The principal accounting policies of the group have remained unchanged from the previous period and are set out below

Basis of consolidation

The consolidated financial statements include the results of the company and its subsidiary undertaking

Turnover

Turnover is rental income from Harrods Limited and is accounted for on an accruals basis.

Tangible Fixed Assets and Depreciation

Freehold properties are stated at cost less accumulated depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are

Land	Not depreciated
Plant and fittings	3 - 10 years
Freehold property	10 - 50 years

It is the practice of the group to maintain its properties to a high standard. Accordingly, for the Harrods Department store in Knightsbridge, the directors consider that the life of this asset is so long, and the residual value (based upon prices prevailing at the time of the acquisition or subsequent valuation) is so high, that the depreciation is immaterial. Any permanent diminution in the value of this property is charged to the profit and loss account as appropriate.

Operating leases

Where the group retains subsequently all the risk and rewards of ownership of the asset subject to the lease, the asset is shown within tangible fixed assets. Rental income from these operating leases is recognised on a systematic basis over the period of the lease.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Issue costs

Costs associated with the issue of the bank loan are amortised over the period of the loan.

Financial instruments

Interest differentials, under which the amounts and periods for which interest rates on borrowings are varied, are reflected as adjustments to interest payable

The group has entered into financial instruments which fix rental income receivable and bank interest payable. The differential in rental income receivable and bank interest payable resulting from utilising these instruments is taken to the profit and loss account in the period to which the financing income or costs relate. As the group has not adopted the measurement criteria of FRS 26 the fair value of the financial instrument is not recognised, but is disclosed in the notes to the accounts.

HARRODS PROPERTY HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 28 JANUARY 2012

	Note	52 weeks ended 28 January 2012 £ '000	52 weeks ended 29 January 2011 £ '000
Turnover	1	42,621	41,291
Administrative expenses	1	(3,395)	(3,654)
Operating profit		39,226	37,637
Profit on disposal of property		-	9,839
Profit on ordinary activities before interest and taxation		39,226	47,476
Net interest	2	(34,235)	(47,765)
Profit/(loss) on ordinary activities before taxation		4,991	(289)
Tax on profit/(loss) on ordinary activities	4	94	1,815
Profit retained and transferred to reserves	13	5,085	1,526

All transactions arise from continuing operations

There were no recognised gains or losses other than the profit for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements.

HARRODS PROPERTY HOLDINGS LIMITED
BALANCE SHEET AT 28 JANUARY 2012

		Consolidated		Company	
		At 28	At 29	At 28	At 29
	Note	January	January	January	January
		2012	2011	2012	2011
		£ '000	£ '000	£ '000	£ '000
Fixed assets					
Tangible assets	6	644,727	647,822	-	-
Investments	7	-	-	100	100
		<u>644,727</u>	<u>647,822</u>	<u>100</u>	<u>100</u>
Current assets					
Debtors due within one year	8	982	2,926	-	-
Cash at bank and in hand		10,540	10,554	-	-
		<u>11,522</u>	<u>13,480</u>	<u>-</u>	<u>-</u>
Non current assets					
Debtors due after one year	8	269,819	271,005	-	-
Creditors: amounts falling due within one year	9	<u>(19,817)</u>	<u>(17,000)</u>	<u>-</u>	<u>-</u>
Total assets less current liabilities		<u>906,251</u>	<u>915,307</u>	<u>100</u>	<u>100</u>
Creditors: amounts falling due after more than one year	10	<u>(902,408)</u>	<u>(916,549)</u>	<u>-</u>	<u>-</u>
Net assets/(liabilities)		<u>3,843</u>	<u>(1,242)</u>	<u>100</u>	<u>100</u>
Capital and reserves					
Called up share capital	12	100	100	100	100
Profit and loss account	13	3,743	(1,342)	-	-
Shareholders' funds/(deficit)	14	<u>3,843</u>	<u>(1,242)</u>	<u>100</u>	<u>100</u>

The financial statements were approved by the Board of Directors on 19th July 2012

M Ward - Director

Company registration no: 05985333

The accompanying accounting policies and notes form an integral part of these financial statements

HARRODS PROPERTY HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT

For the period ended 28 JANUARY 2012

	Note	52 weeks ended 28 January 2012 £ '000	52 weeks ended 29 January 2011 £ '000
Net cash inflow from operating activities	15	40,441	41,265
Returns on investments and servicing of finance			
Interest received		21	315
Interest paid		(35,235)	(41,022)
Net cash outflow from returns on investments and servicing of finance		(35,214)	(40,707)
Taxation received		2,752	347
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(241)	-
Disposal of fixed assets		-	54,868
Borrowing from Harrods Limited		-	1,687
Net cash (outflow)/inflow from capital expenditure and financial investment		(241)	56,555
Financing			
Repayment of bank borrowings	16	(7,752)	(47,090)
Net cash outflow from financing		(7,752)	(47,090)
(Decrease)/increase in cash	16, 17	(14)	10,370

The accompanying accounting policies and notes form an integral part of these financial statements.

HARRODS PROPERTY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2012

1 Turnover and profit/(loss) on ordinary activities before taxation

The turnover and profit/(loss) on ordinary activities before taxation is attributable to:

	52 weeks ended 28 January 2012 £ '000	52 weeks ended 29 January 2011 £ '000
Rents receivable from related parties	<u>42,621</u>	<u>41,291</u>
The profit/(loss) on ordinary activities before taxation is stated after		
Auditors' remuneration		
Audit services	21	21
Depreciation		
Tangible fixed assets owned	<u>3,336</u>	<u>3,483</u>

2 Interest payable and similar charges

	52 weeks ended 28 January 2012 £ '000	52 weeks ended 29 January 2011 £ '000
Interest payable on bank loan	(32,812)	(34,128)
Amortisation of issue costs	(269)	(396)
Finance charge on swaps	<u>(1,175)</u>	<u>(13,556)</u>
	<u>(34,256)</u>	<u>(48,080)</u>
Interest receivable	21	315
Net interest payable	<u>(34,235)</u>	<u>(47,765)</u>

Finance charge on swaps in 2011 includes the cost of reducing the notional principal amount under the company's interest rate swaps

3 Directors and employees

No emoluments were paid to the directors of the company during the period (2011 £nil).

The company did not employ any persons or incur any staff costs during the period (2011: £nil)

HARRODS PROPERTY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2012

4 Tax on profit/(loss) on ordinary activities

The tax credit is based on the profit/(loss) for the period and represents:

	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
Current tax		
Current tax charge	(1,630)	-
Group relief receivable	-	2,743
Prior period adjustment	692	9
	<u>(938)</u>	<u>2,752</u>
Deferred tax		
Accelerated capital allowances/(charges)	1,032	(937)
Total tax credit	<u>94</u>	<u>1,815</u>
Factors affecting current period corporation tax		
The current period corporation tax assessed for the period is higher than the standard rate of corporation tax of 26.32% (2011: 28%)		
Profit/(loss) on ordinary activities before tax	<u>4,991</u>	<u>(289)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 26.32% (2011: 28%)	(1,314)	81
Effect of		
Transfer pricing adjustments	113	569
Depreciation in excess of capital allowances	(429)	(661)
Profit on sale of property not subject to corporate income tax	-	2,754
Prior year adjustment	692	9
Current tax (charge)/credit for the period	<u>(938)</u>	<u>2,752</u>

5 Company profit and loss account

As permitted by section 408 of the Companies Act 2006 the profit and loss account of Harrods Property Holdings Limited is not presented as part of these financial statements. The company did not trade during the financial period, making neither a profit nor a loss.

HARRODS PROPERTY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2012

6 Tangible fixed assets

	Freehold properties £ '000
Cost	
At 29 January 2011	660,132
Additions	241
At 28 January 2012	<u>660,372</u>
Depreciation	
At 29 January 2011	12,310
Provided in the period	3,336
At 28 January 2012	<u>15,646</u>
Net book amount:	
At 28 January 2012	<u>644,727</u>
At 29 January 2011	<u>647,822</u>

The company does not hold any freehold properties

Freehold properties are stated at historic cost

All of the company's fixed assets are held for use in operating leases. During the period rental income of £42.6m (2011: £41.3m) has been recognised in respect of these operating leases.

The market value of the properties held is estimated to be £329m (2011: £205m) higher than the carrying value in the accounts.

7 Fixed asset investments - Company

	Company Unlisted investments £ '000
Cost	
At 29 January 2011	100
Investment in subsidiaries	-
At 28 January 2012	<u>100</u>

Principal subsidiary

Harrods Property Limited is 100% owned by Harrods Property Holdings Limited. The company is registered in England and Wales and operates in the United Kingdom. The principal activity of the subsidiary is property management.

HARRODS PROPERTY HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 28 JANUARY 2012

8 Debtors

	Consolidated		Company	
	At 28	At 29	At 28	At 29
	January	January	January	January
	2012	2011	2012	2011
	£ '000	£ '000	£ '000	£ '000
Amounts due within one year:				
Prepayments and accrued income	273	173	-	-
Corporation tax receivable	692	2,753	-	-
Amounts due from related party	17	-	-	-
	<u>982</u>	<u>2,926</u>	<u>-</u>	<u>-</u>
Amounts due after more than one year:				
Loan to a related party (note 20)	269,079	271,005	-	-
Deferred tax asset (see note 11)	740	-	-	-
	<u>269,819</u>	<u>271,005</u>	<u>-</u>	<u>-</u>

The related party loan to is QH Partners Limited, a company under the common control of the company's ultimate parent undertaking and is non interest bearing and repayable with not less than 12 months notice by the company. The gross amount outstanding is £269 1m (2011 £271 0m) This loan is considered recoverable against other assets and investments directly or indirectly supporting the nominal value of this loan

9 Creditors: amounts falling due within one year

	Consolidated		Company	
	At 28	At 29	At 28	At 29
	January	January	January	January
	2012	2011	2012	2011
	£ '000	£ '000	£ '000	£ '000
Syndicated bank loan (note 10)	8,863	7,752	-	-
Accruals and deferred income	3,972	3,735	-	-
Bank interest payable	5,352	5,513	-	-
Corporation tax payable (note 4)	1,630	-	-	-
	<u>19,817</u>	<u>17,000</u>	<u>-</u>	<u>-</u>

HARRODS PROPERTY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2012

10 Creditors: amounts falling due after more than one year

	Consolidated		Company	
	At 28	At 29	At 28	At 29
	January	January	January	January
	2012	2011	2012	2011
	£ '000	£ '000	£ '000	£ '000
Syndicated bank loan repayable by instalments (refer (i) below)	561,873	570,467	-	-
Loan from related party (refer (iii) below)	282,862	287,030	-	-
Unamortised swap liability owing to swap counterparty (refer (ii) below)	57,673	58,760	-	-
Deferred Tax liability (note 11)	-	292	-	-
	<u>902,408</u>	<u>916,549</u>	<u>-</u>	<u>-</u>
The maturity profiles of the group's syndicated bank borrowings at the period end was as follows				
In one year or less	8,863	7,752	-	-
Between one and two years	10,702	8,863	-	-
Between two and three years	12,296	10,702	-	-
Between three and four year	13,924	12,296	-	-
Between four and five years	15,672	13,924	-	-
Between five and ten years	510,527	526,199	-	-
	<u>571,984</u>	<u>579,736</u>	<u>-</u>	<u>-</u>
Issue costs	(2,854)	(2,854)	-	-
Amortisation charged to date	1,606	1,337	-	-
	<u>570,736</u>	<u>578,219</u>	<u>-</u>	<u>-</u>
Comprises				
Within one year	8,863	7,752	-	-
More than one year	561,873	570,467	-	-
	<u>570,736</u>	<u>578,219</u>	<u>-</u>	<u>-</u>

(i) During the period, repayments of £7.8m were made on the syndicated bank loan (2011 £47.1m, of which £40.4m was a prepayment of debt following the sale of one of the company's properties). The balance at 28 January 2012 stands at £572.0m (2011. £579.7m)

The syndicated bank loan is repayable quarterly in advance over 10 years with a final payment of £514.8m due in December 2016. The loan is secured by way of fixed and floating charges over the company's land and buildings. Interest is linked to LIBOR. The company entered into a swap arrangement to eliminate interest rate risk. At 28 January 2012 the fair value of the swap amounted to a liability of £167.9m

(ii) The company has a limited price inflation ("LPI") swap to eliminate the inflation risk on its rental income. Embedded in the LPI swap is a previous liability assumed of £60.5m. At 28 January 2012 the fair value of the swap amounted to a liability of £158.2m

(iii) The related party loan is from Harrods Limited, a company under the common control of the group's ultimate parent undertaking and is non interest bearing and repayable on demand by the lender. The debt is subject to a deed of subordination between the lender and Royal Bank of Scotland plc for so long as the group's bank debt remains outstanding

HARRODS PROPERTY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2012

11 Deferred taxation

Deferred taxation provided for in the financial statements is set out below

	Consolidated		Company	
	28	29	28	29
	January	January	January	January
	2012	2011	2012	2011
	£ '000	£ '000	£ '000	£ '000
Balance at 29 January 2011	(292)	645	-	-
Transfer from/(to) profit and loss account	1,032	(937)	-	-
Balance at 28 January 2012	<u>740</u>	<u>(292)</u>	<u>-</u>	<u>-</u>

In addition to the amount provided for deferred taxation, there are potential liabilities in respect of deferred taxation (after utilisation of capital losses) of £6.6m (2011 £10.3m) if the properties were disposed of at the current carrying value. In the opinion of the directors the potential liabilities in respect of capital gains are unlikely to arise since the majority of the properties will be retained for use by the business.

Legislation was introduced in the Finance Act 2011 to reduce the main rate of corporation tax from 27% to 26% with effect from 1 April 2011 and to 25% with effect from 1 April 2012. The effect of these tax rate reductions is reflected in the recognised deferred tax asset of £0.7m.

On 21 March 2012 as part of the 2012 Budget, the UK government announced its intention to legislate to further reduce the rate to 24% with effect from 1 April 2012 and further, by 1% per annum falling to 22% with effect from 1 April 2014. These changes were not substantively enacted by the balance sheet date and therefore are not reflected in the closing deferred tax asset. The directors estimate the effect of these rate changes would be to reduce the deferred tax asset by £0.1m.

12 Share capital

	Consolidated		Company	
	At 28	At 29	At 28	At 29
	January	January	January	January
	2012	2011	2012	2011
	£	£	£	£
<u>Authorised</u>				
100,002 ordinary shares of £1 each	<u>100,002</u>	<u>100,002</u>	<u>100,002</u>	<u>100,002</u>

	Consolidated		Company	
	At 28	At 29	At 28	At 29
	January	January	January	January
	2012	2011	2012	2011
	£ '000	£ '000	£ '000	£ '000
<u>Allotted and fully paid</u>				
100,002 ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

HARRODS PROPERTY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2012

13 Reserves

	Consolidated Profit and loss account £ '000	Company Profit and loss account £ '000
At 29 January 2011	(1,342)	-
Profit for the period	5,085	-
At 28 January 2012	<u>3,743</u>	<u>-</u>

14 Reconciliation of movements in shareholders' deficit

	2012 £ '000	2011 £ '000
Profit for the period	5,085	1,526
Shareholders' deficit at beginning of period	(1,242)	(2,768)
Shareholders' funds/(deficit) at end of period	<u>3,843</u>	<u>(1,242)</u>

15 Net cash inflow from operating activities

	52 weeks ended 28 January 2012 £ '000	52 weeks ended 29 January 2011 £ '000
Operating profit	39,226	37,637
Depreciation (note 1 and 6)	3,336	3,483
(Increase) in debtors	(100)	(96)
Increase/(decrease) in deferred income	431	(1)
(Decrease)/increase in creditors	(2,452)	242
Net cash inflow from operating activities	<u>40,441</u>	<u>41,265</u>

HARRODS PROPERTY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2012

16 Reconciliation of net cash flow to movement in net debt

	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
(Decrease)/increase in cash in the period	(14)	10,370
Repayment of syndicated bank borrowings	7,752	47,090
(Borrowing from)/repayments to related party borrowings	-	(1,687)
Movement in net debt in the period	7,738	55,773
Other non cash charges	4,986	(6,415)
Net debt at 31 January 2010	(913,455)	(962,813)
Net debt at 29 January 2011	(900,731)	(913,455)

Non cash charges represent the amortisation of issue costs relating to the bank loan

17 Analysis of changes in net debt

	At 29 Jan 2011 £'000	Cash flow £'000	Other non- cash movement £'000	At 28 Jan 2012 £'000
Cash in hand	10,554	(14)	-	10,540
Bank loan (note 10)	(578,219)	7,752	(269)	(570,736)
Loan from related party (note 20)	(287,030)	-	4,168	(282,862)
Unamortised swap liability (note 10)	(58,760)	-	1,087	(57,673)
	(913,455)	7,738	4,986	(900,731)

18 Capital commitments

The company had no capital commitments at 28 January 2012 or 29 January 2011

19 Contingent liabilities

In December 2006, the group granted a second charge over the group's properties in favour of the trustee of the Harrods Group Pension Plan as security for the payment and discharge of the liabilities of the pension plan of Harrods Holdings Limited, the principal employer, and other connected and associated persons

The group also has contingent liabilities in respect of its interest rate swap and LPI swap, as detailed in note 10

There were no other contingent liabilities at 28 January 2012 or 29 January 2011.

HARRODS PROPERTY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2012

20 Transactions with directors and other related parties

The related party loan from Harrods Limited, a company under the common control of the group's ultimate parent undertaking, is non interest bearing and is repayable on demand by the lender. However, the debt is subject to a deed of subordination between the lender and Royal Bank of Scotland plc for so long as the company's bank debt remains outstanding. At the period end, the loan outstanding was £286.5m (2011: £286.5m). During the period, movement in the intercompany balance owed to Harrods Property Limited was £4.2m (2011: £1.5m).

The property leases with Harrods Limited are for a term of 35 years commencing 5 December 2006. Rent is reviewed annually calculated by using the applicable Retail Price Index (RPI). At 5 December 2011, current rent was £44.6m per annum, receivable quarterly in advance.

During the period the group charged rent of £42.6m (2011: £41.3m) to Harrods Limited, the lessee. At the period end, the balance of rent received in advance was £3.9m (2011: £3.5m).

During the period the group was recharged for fixed assets additions amounting to £0.2m (2011: £0.2m) from Harrods Limited. At the period end, the creditor balance was £nil (2011: £nil).

The related party loan to QH Partners Limited, a company under the common control of the group's ultimate parent undertaking, is non interest bearing and is repayable with not less than 12 months notice by the group. The loan is considered recoverable against other assets and investments directly or indirectly supporting the nominal value of this loan.

There are no other related party transactions.

21 Ultimate parent undertaking

The company's immediate parent undertaking is Harrods Property Investments SARL, a company incorporated in Luxembourg.

The company is an indirect 100% subsidiary of Qatar Holding LLC which is the strategic investment arm of Qatar Investment Authority, the ultimate controlling party.