CentrO Holdings (UK) Limited

Report and Financial Statements

31 December 2013

Directors
P D Healey
W R B Hoberg
R J T Kolb
A S Fish

Secretary
A S Fish

Auditors
Ernst & Young LLP
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Water Lane
Leeds LS11 5QR

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Welton Grange
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East Yorkshire HU15 1NB

Registered No. 03772441

Strategic report

The directors present their strategic report for the year ended 31 December 2013.

Principal activities and review of the business

The principal activities of the company and group are property development and the management of retail and leisure facilities.

Group turnover for the year has increased from €70.277m in 2012 to €80.466m in 2013 as a result of two main factors. Firstly in September 2012 a major extension of CentrO, the group's shopping and leisure centre in Oberhausen, Germany, was opened and therefore 2013 was the first full year in which the group derived the income from the extension. In addition on 31st July 2013, the group acquired SL Oberhausen Beteiligungs GmbH, which is the owner of one of the freehold anchor stores at CentrO, which also increased overall rental income received from the centre.

The profit for the year before taxation increased from a loss in 2012 of €38.5m to a profit of €29.5m in 2013. This was largely due to the increase in turnover referred to above, but also a large cost in 2012 of cancelling certain hedging arrangements in connection with a refinancing of the group's bank debt facility in the prior year.

As referred to above, during the year the group acquired the freehold of one of the anchor department stores at CentrO, through the acquisition of SL Oberhausen Beteiligungs GmbH. The value of the property acquired was €68,000,000. As a result of this acquisition and also an improvement in market conditions and a tightening of yields on prime shopping centres in Germany, the value of the centre increased from €1.363bn in 2012 to €1.526bn in 2013.

In 2012 another of the anchor stores was acquired by the group for a consideration of €49.25m using finance from shareholders. In 2013 this shareholder debt was refinanced through an extension of the existing bank facility from €650m to €700m. In addition further shareholder financing of €65.9m was provided to the group to finance the acquisition of SL Oberhausen Beteiligungs GmbH.

In addition to turnover, profit and the value of investment property, the directors' other main key performance indicator is the ability of the business to generate cash for reinvestment or distribution to the shareholders. During the year cash reserves fell by €5.7m after paying dividends of €27.2m (2012: €12.2m).

Given the increases in turnover, profit, the market value of the property and the dividend paid to shareholders during the year, the directors consider the results for the year to be satisfactory. The directors consider that following the refinancing at a favourable fixed rate of interest in 2012, the completion of the extension and the acquisition of the additional department stores, the upward trend in turnover, profit and dividends will continue into the foreseeable future.

Principal risks and uncertainties

The principal risks to the group relate to exposure to movements in property yields, interest rates and the performance of retail tenants. The group has a policy of minimising its risks through a focus on prime retail properties that will attract a wide spread of high quality, reputable retail tenants

The group also has a degree of exposure to exchange rate risk through its investment in overseas assets. The directors carefully monitor exchange rate movements and also forecasts thereof, and consider their impact on the company's assets.

Following the successful refinancing of the group with a long-term fixed interest rate facility, the group is no longer subject to the risks associated with the fluctuation of interest rates.

The Strategic Report was approved by the Board of Directors and signed on their behalf by:

A S Fish
Director
8 April 2014

Registered No. 03772441

Directors' report

The directors present their report and financial statements for the year ended 31 December 2013.

Directors

The directors who served the company during the year were as follows:

P D Healey
R J T Kolb
W R B Hoberg
A S Fish

Political and charitable contributions

The group made charitable donations of €102,500 (2012 – €5,000) and political donations of €nil (2012 – €nil).

Directors liabilities

During the year the company had in force an indemnity insurance policy in favour of one or more directors of the group companies, against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

A S Fish
Director

8 April 2014

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 CentrO Holdings (UK) Limited

We have audited the financial statements of CentrO Holdings (UK) Limited for the year ended 31 December 2013 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 30. 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 4, 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 group's and the parent undertaking'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 report and financial statements 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent undertaking's affairs as at 31 December 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of CentrO Holdings (UK) 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 by the parent undertaking, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent undertaking 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.

Ernst & Young LLP

Stuart Watson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds

8 April 2014.

Group profit and loss account

for the year ended 31 December 2013

	Notes	2013 €	2012 €
Turnover	2	88,466,416	70,277,080
Cost of sales		(16,233,146)	(16,164,314)
Gross profit		72,233,270	54,112,766
Administrative expenses		(15,883,977)	(16,568,913)
Other operating income		2,695,904	2,857,577
Operating profit	3	59,045,197	40,401,430
Interest receivable and similar income	6	758,537	379,693
Interest payable and similar charges	7	(29,097,888)	(77,875,959)
Profit/(loss) on ordinary activities before taxation		30,705,846	(37,094,836)
Tax	8	(1,204,267)	(1,392,739)
Profit/(loss) on ordinary activities after taxation		29,501,579	(38,487,575)
Minority interests	26	(1,407,409)	1,749,705
Profit/(loss) for the financial year	22	28,094,170	(36,737,870)

All amounts relate to continuing activities.

Group statement of total recognised gains and losses

for the year ended 31 December 2013

	Notes	2013 €	2012 €
Profit/(loss) for the financial year attributable to members of the parent undertaking	22	28,094,170	(36,737,870)
Translation of net assets of subsidiary undertakings	22	1,062,433	221,708
Share of increase in revaluation surplus of subsidiary	22	88,974,660	37,273,202
Total gains and losses recognised for the financial year		118,131,263	757,040

Group balance sheet

at 31 December 2013

	Notes	2013 €	2012 €
Fixed assets			
Intangible assets – goodwill	11	41,390,074	44,213,866
Tangible assets	12	1,526,300,001	1,363,570,202
		1,567,690,075	1,407,784,068
Current assets			
Stocks	15	11,196	–
Debtors – amounts falling due within one year	16	21,142,345	24,412,355
Debtors – amounts falling due after more than one year	16	3,501,228	2,585,939
Cash at bank and in hand		22,277,983	27,936,237
		46,932,752	54,934,531
Creditors: amounts falling due within one year	17	(88,374,659)	(76,948,681)
Net current liabilities		(41,441,907)	(22,014,150)
Total assets less current liabilities		1,526,248,168	1,385,769,918
Creditors: amounts falling due after more than one year	18	(702,799,983)	(661,213,203)
Net assets		823,448,185	724,556,715
Capital and reserves			
Called up share capital	20	3,139	3,139
Share premium	21	164,883,967	164,883,967
Capital contribution reserve	21	–	152,740,854
Revaluation reserve	21	518,222,712	429,248,052
Merger reserve	21	1,166,116	1,166,116
Profit and loss account	21	102,949,751	(51,682,701)
Shareholders' funds – owners of the parent undertaking	22	787,225,685	696,359,427
Minority interests (all equity)	26	36,222,500	28,197,288
Total equity		823,448,185	724,556,715

The financial statements were approved by the board of directors on 8 April 2014 and signed on its behalf by:

A S Fish

Director

Company balance sheet

at 31 December 2013

	Notes	*2013* €	*2012* €
Fixed assets			
Investments	13	274,091,112	253,595,263
Current assets			
Debtors	16	154,687,419	186,494,872
Creditors: amounts falling due within one year	17	(70,810,867)	(49,867,977)
Net current assets		83,876,552	136,626,895
Total assets less current liabilities		357,967,664	390,222,158
Creditors: amounts falling due after more than one year	18	–	(5,978,110)
Net assets		357,967,664	384,244,048
Capital and reserves			
Called up share capital	20	3,139	3,139
Share premium	21	164,883,967	164,883,967
Capital contribution reserve	21	–	152,740,854
Profit and loss account	21	193,080,558	66,616,088
Shareholders' funds	22	357,967,664	384,244,048

The financial statements were approved by the board of directors on 8 April 2014 and signed on its behalf by:

A S Fish

Director

Group statement of cash flows

for the year ended 31 December 2013

	Note	2013 €	2012 €
Net cash inflow from operating activities	23(a)	60,627,988	54,758,204
Returns on investments and servicing of finance			
Interest received		758,537	379,693
Interest paid		(34,209,171)	(33,100,446)
Payments made to cancel hedging contracts		–	(44,500,000)
Issue costs on new long-term loans		–	(7,810,681)
		(33,450,634)	(85,031,434)
Taxation		(2,195,073)	(1,299,834)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,732,670)	(67,230,122)
Lease incentive payments		(2,345,778)	(7,159,425)
Receipts from sales of tangible fixed assets		–	8,009
Cash acquired with subsidiary		450,435	–
Payments to acquire subsidiary		(65,955,704)	–
		(69,583,717)	(74,381,538)
Equity dividends paid		(27,162,581)	(12,172,344)
Net cash outflow before financing		(71,764,017)	(118,126,946)
Financing			
Bank loans repaid		–	(751,990,245)
New bank loans		50,000,000	650,000,000
Amounts advanced to companies under common control		2,877,448	(15,987,646)
Increase in loans from companies under common control		13,188,493	71,779,289
Capital Contributions received in cash		–	134,375,921
		66,065,941	88,177,319
Decrease in cash		(5,698,076)	(29,949,627)

Group statement of cash flows

for the year ended 31 December 2013

Reconciliation of net cash flow to movement in net debt

	Notes	*2013* €	*2012* €
Decrease in cash in the year		(5,698,076)	(29,949,627)
Cash inflow from increase in debt and loan financing		(63,188,493)	30,210,958
Change in net debt resulting from cash flows		(68,886,569)	261,331
Non cash transactions:			
Exchange adjustments	23(b)	39,822	45,295
Other non cash transactions	23(b)	(781,068)	7,485,235
		(741,246)	7,530,530
Movement in net debt in the year		(69,627,815)	7,791,861
Net debt at 1 January	23(b)	(686,357,815)	(694,149,676)
Net debt at 31 December	23(b)	(755,985,630)	(686,357,815)

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Compliance with SSAP 19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 2006 relating to depreciation and an explanation of the departure is given below.

Going concern

The German investment property is financed through a long-term financing facility which has certain covenants in relation to the value of the investment property. The directors are confident that the covenants will continue to be met for the foreseeable future and therefore the financial statements have been prepared on the going concern basis.

Group financial statements

The group financial statements consolidate the financial statements of CentrO Holdings (UK) Limited and its subsidiary undertakings for the year ended 31 December 2013.

In the group financial statements, investments in associates are accounted for using the equity method. The group profit and loss account includes the group's share of associate profits less losses, while the group's share of net debt of the associate is shown in the group balance sheet.

The group profit and loss account and statement of cash flows include the results and cash flows of businesses acquired for the period since acquisition.

In the parent undertaking's financial statements, investments in subsidiary undertakings are stated at cost less provision for impairment.

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006.

Turnover

Turnover comprises of operating and other lease rentals which are recognised on a straight-line basis, together with management fees receivable, exclusive of VAT.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. For acquisition of a subsidiary, goodwill is capitalised in the period in which it arises and amortised over its estimated useful life up to a maximum 20 years. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to the financial statements

at 31 December 2013

1. Accounting policies (continued)

Tangible fixed assets

i Investment properties

Investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, unless a deficit (or its reversal) is expected to be permanent, in which case it is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties or of leasehold investment properties where the unexpired term of the lease is more than 20 years.

The directors consider that the policy of non depreciation of investment properties, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19. If investment properties had been depreciated over their useful economic lives the depreciation charge for the year would be approximately €31m higher.

ii Other

Other fixed assets are stated at cost less accumulated depreciation and accumulated provision for impairment. Depreciation is calculated to write off the cost of each asset less its estimated residual value by equal annual instalments over its expected useful life, as follows:

Fixtures, fittings, plant and machinery	–	3-10 years
Long leasehold property	–	over the term of the lease 25 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments are stated at costs less any provision for impairment.

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 December 2013

1. Accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account.

The financial statements of subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken directly to reserves together with the exchange difference on the net investment in these enterprises. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

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, except where the year to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance costs in respect of the reporting period and reduced by payments made in respect of the debt of the period.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

2. Turnover

	2013	*2012*
	€	*€*
Turnover arising in the UK:		
Management fees receivable	-	1,224,072
Turnover arising in Germany:		
Income receivable from properties let	88,466,416	69,053,007
Total turnover	88,466,416	70,277,079

Notes to the financial statements

at 31 December 2013

3. Operating profit

This is stated after charging/(crediting):

	2013	2012
	€	€
Auditors' remuneration – audit work *	171,261	153,338
Depreciation of tangible fixed assets	69,907	80,449
Loss on sale of fixed assets	–	306
Impairment of tangible fixed assets	193,511	–
Operating lease rentals – land and buildings	111,930	117,158
Goodwill amortisation	3,282,045	3,272,500
Amortisation of lease incentives	2,748,880	3,957,079

* includes subsidiary undertakings

Amounts payable by the group to Ernst & Young LLP were €20,137 (2012 – €144,869) in respect of taxation.

4. Directors' remuneration

	2013	2012
	€	€
Remuneration	331,500	485,750
Compensation for loss of office	-	505,630
Company contributions to self administered pension schemes	18,430	19,424
	349,930	1,010,804

Pensions:

None of the directors are members of company money purchase or defined benefit pension schemes.

	2013	2012
	€	€
Highest paid director:		
Remuneration	331,500	143,419
Compensation for loss of office	-	505,630
Company contributions to self administered pension schemes	18,430	–
	349,930	649,049

Notes to the financial statements

at 31 December 2013

5. Staff costs

	2013	2012
	€	€
Wages and salaries	2,506,547	3,535,432
Social security costs	311,070	449,715
Other pension costs	54,901	192,090
	2,872,518	4,177,237

The average monthly number of employees (including directors) during the year was made up as follows:

	No.	No.
Administration and management	38	43

6. Interest receivable and similar income

	2013	2012
	€	€
Investment income:		
Bank interest receivable	40,994	51,165
Other interest receivable and similar income	717,543	328,528
	758,537	379,693

7. Interest payable and similar charges

	2013	2012
	€	€
Bank loans and overdrafts	26,767,827	77,402,170
Other loans	2,330,061	473,789
	29,097,888	77,875,959

Notes to the financial statements

at 31 December 2013

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2013 €	2012 €
Current tax:		
UK corporation tax on the profit for the year	(62,679)	66,109
Adjustments in respect of previous periods	(352,289)	-
Foreign tax	1,619,235	1,326,630
Total current tax (note 8(b))	1,204,267	1,392,739
Deferred tax:		
Origination and reversal of timing differences	-	–
Total deferred tax (note 8(c))	-	–
Tax on proft on ordinary activities	1,204,267	1,392,739

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%). The differences are explained below:

	2013 €	2012 €
Profit on ordinary activities before taxation	30,705,846	(37,094,836)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%)	7,139,109	(9,088,235)
Effects of:		
Expenses not deductible for tax purposes	1,305,356	1,593,715
Capital allowances in excess of depreciation	53,975	(1,443)
Unprovided deferred tax movements	(6,966,799)	9,047,706
Difference in tax rates on losses carried back	(3,192)	
Unrelieved tax losses carried forward	28,107	(159,408)
Foreign tax credits	-	404
Prior year adjustment	(352,289)	-
Current tax for the year (note 8(a))	1,024,267	1,392,739

(c) Deferred tax

	€
At 1 January 2013	–
Charge for the year	-
At 31 December 2013	-

Notes to the financial statements

at 31 December 2013

8. Tax (continued)

(c) Deferred tax (continued)

The deferred tax liability comprises:

	2013	*2012*
	€	*€*
Decelerated capital allowances net of accelerated capital allowances	(407,926)	(425,319)
Losses	(211,962)	(220,936)
	(619,888)	(646,255)
Less deferred tax not provided	619,888	646,255
Liability recognised	-	-

(d) Factors that may affect future tax charges

Deferred tax assets have not been recognised in respect of accelerated capital allowances and losses carried forward as there is insufficient evidence that these assets will be recovered. The amount of the asset not recognised is €619,888 (2012 – €646,255). The asset would be recovered if sufficient future profits were to arise against which the reversal could be set. There are also corporate income tax losses in Germany in the order of €250,000,000 which are not forecast to be used in the next few years.

A deferred tax liability has not been recognised in respect of revaluation of fixed assets relating to the German property. A potential tax liability of €123,000,000 (2012 – liability of €108,000,000) would arise in Germany on a sale of the property. No deferred tax has been provided, as no binding sale agreement was in place at 31 December 2013 for a sale of the re-valued asset.

Finance Bill 2013 enacted changes to the future corporation tax rate. These comprised a reduction in the UK corporation tax rate to 21% effective from 1 April 2014 and a further reduction down to 20% effective from 1 April 2015. Un-provided UK deferred tax is therefore calculated at 20%. These changes to do not have a material effect on the financial statements.

9. Profit attributable to members of the parent undertaking

The parent undertaking, CentrO Holdings (UK) Limited made a profit of €886,197 during the year (2012 – loss €125,699).

10. Dividends

	2013	*2012*
	€	*€*
Declared and paid during the year:		
Interim dividend	2,881,003	8,326,290
Second interim dividend	7,007,897	3,846,054
Third interim dividend	8,108,784	–
Fourth interim dividend	579,126	–
Fifth interim dividend	8,585,771	–
	27,162,581	12,172,344

Notes to the financial statements

at 31 December 2013

11. Intangible fixed assets

	Goodwill
Cost:	€
At 1 January 2013	63,848,866
Additions	458,253
At 31 December 2013	64,307,119
Amortisation:	
At 1 January 2013	19,635,000
Charge for the year	3,282,045
At 31 December 2013	22,917,045
Net book value:	
At 31 December 2013	41,390,074
At 31 December 2012	44,213,866

Historic goodwill relates to the increase, on 20 April 2007, of the group's interest in its German associate, Stadium Grundstucksentwicklungs GmbH from 49.8% to 100%.

The additions during the year relate to the acquisition of SL Oberhausen Beteiligungs GmbH (see note 14.)

12. Tangible fixed assets

Group	*Investment properties*	*Long leasehold property*	*Fixtures, fittings, plant and machinery*	*Total*
	€	€	€	€
Cost or valuation:				
At 1 January 2013	1,363,300,000	995,505	6,932,627	1,371,228,132
Additions	1,732,670	–	–	1,732,670
Investment property acquired through acquisition of subsidiary	68,000,000	–	–	68,000,000
Unrealised surplus on revaluation of investment property	93,267,330	–	–	93,267,330
Exchange adjustments	–	(24,990)	(19,492)	(44,482)
At 31 December 2013	1,526,300,000	970,515	6,913,135	1,534,183,650
Depreciation:				
At 1 January 2013	–	740,043	6,917,887	7,657,930
Charge for year	–	66,116	3,791	69,907
Impairment charge	–	182,933	10,578	193,511
Exchange adjustments	–	(18,577)	(19,122)	(37,699)
At 31 December 2013	–	970,515	6,913,134	7,883,649
Net book value:				
At 31 December 2013	1,526,300,000	–	1	1,526,300,001
At 31 December 2012	1,363,300,000	255,462	14,740	1,363,570,202

The group's investment properties were revalued by the directors as at 31 December 2013 at €1,526,300,000 on an open market basis. The historic cost of revalued investment properties was €983,075,127.

Notes to the financial statements

at 31 December 2013

13. Investments

Company

	€
At 1 January 2013	253,595,263
Additions	20,495,849
At 31 December 2013	274,091,112

On 31 October 2013, a capital contribution of £20,495,848 was made to CentrO Asset Management Limited, a wholly owned subsidiary, through the conversion of an existing loan balance.

On 10 December 2013, CentrO Asset Management Ltd issued 57 ordinary B shares of 1p to the company.

Principal group investments

Name of company	*Country of incorporation*	*Principal activity*	*Company*	*Proportion of ordinary share capital held by other group undertakings*
CentrO Asset Management Limited	Great Britain	Property development and investment	100%	–
CentrO Europe Limited	Great Britain	European parent undertaking	–	94.98%*
CentrO Europe No.2 Limited	Great Britain	European parent undertaking	–	94.98%*
CentrO Projektentwicklungs GmbH	Germany	Retail development	–	94.98%*
CentrO Grundstucksentwicklungs GmbH	Germany	Retail development	–	94.98%*
CentrO Management GmbH	Germany	Retail development	–	94.98%*
CentrO Oberhausen GmbH	Germany	Retail development	–	100%*
SL Oberhausen Beteiligungs GmbH	Germany	Retail development	–	94.98%*
Neue Mitte Oberhausen Projektentwicklungs Verwaltungs Ltd & Co. KG	Germany	European parent undertaking	–	95.40%*
Neue Mitte Oberhausen Projektentwicklungs Ltd & Co. KG	Germany	Retail development	–	95.40%*

* Investment held indirectly through CentrO Asset Management Limited

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at 31 December 2013

14. Acquisition of a Subsidiary Undertaking

On 31st July 2013, a subsidiary of the group, CentrO Projektentwicklungs GmbH, acquired 94.976% of the share capital of SL Oberhausen Beteiligungs GmbH for a consideration of €42,477,380. The purchase price was satisfied by cash.

In addition to acquiring the shares in SL Oberhausen GmbH, on completion the group repaid the existing bank debt of the company, resulting in total payments on acquisition of €65,955,704.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group:

	Book value	*Revaluation*	*Fair value to group*
	€	*€*	*€*
Fixed assets			
Tangible	32,104,529	35,895,471	68,000,000
Current assets			
Cash	450,435	–	450,435
Total assets	32,554,964	35,895,471	68,450,435
Creditors			
Other creditors	(169,182)	–	(169,182)
Accruals	(122,670)	–	(122,670)
Other loans	(23,916,746)	–	(23,916,746)
Total liabilities	(24,208,598)	–	(24,208,598)
Net assets	8,346,366	35,895,471	44,241,837
Minority interests			(2,222,710)
Goodwill arising on acquisition			458,253
			42,477,380
Satisfied by:			
Cash			42,477,380

Notes to the financial statements

at 31 December 2013

14. Acquisition of a Subsidiary Undertaking (continued)

For the full year ending 31 December 2013 SL Oberhausen Beteiligungs GmbH made a profit after tax of €893,368 (2012 - €1,109,215) of which €nil arose in the period from 1 January 2013 to 31st July 2013. The summarised profit and loss account for the period from 1 January 2013 to the effective date of acquisition is as follows:

	€
Turnover	2,728,693
Cost of sales	(379,058)
Gross profit	2,349,635
Administrative expenses	(1,863,469)
Operating profit	486,166
Interest payable and similar charges	(639,342)
Loss on ordinary activities before taxation	(153,176)
Tax on loss on ordinary activities	(44,966)
Loss for the period	(198,142)
Assumption of loss by parent undertaking under profit and loss sharing agreement	198,142
Net profit for the period	–

There were no recognised gains or losses in the period ended 31st July 2013 other than the result shown above.

15. Stocks

	2013	2012
	€	€
Goods for resale	11,196	–

There is no material difference between the book value of stocks and their replacement value.

Notes to the financial statements

at 31 December 2013

16. Debtors

Group	*2013*	*2012*
	€	*€*
Amounts falling due within one year:		
Trade debtors	2,048,632	1,700,219
Other debtors	3,049,019	1,223,990
Other taxes and social security	84,842	17,780
Amounts owed by related parties (note 28)	13,110,198	15,987,646
Prepayments	2,849,654	5,482,720
	21,142,345	24,412,355
Amounts falling due after more than one year:		
Prepayments	3,501,228	2,585,939
	3,501,228	2,585,939

Company	*2013*	*2012*
	€	*€*
Amounts falling due within one year:		
Prepayments (note 28)	1,229,758	–
Amounts due from subsidiary undertakings (note 28)	153,457,661	186,494,872
	154,687,419	186,494,872

17. Creditors: amounts falling due within one year

Group	*2013*	*2012*
	€	*€*
Trade creditors	2,983,648	5,207,827
Other creditors	4,572,467	6,771,528
Corporation tax payable	–	990,806
Other taxes and social security costs	1,619,174	1,135,591
Accruals and deferred income	2,919,880	9,762,080
Amounts owed to related parties (note 28)	76,279,490	53,080,849
	88,374,659	76,948,681

Company	*2013*	*2012*
	€	*€*
Accruals and deferred income	2,825	554,828
Amounts due to related parties (note 28)	70,572,691	49,313,148
Amounts owed to subsidiary undertakings	235,351	1
	70,810,867	49,867,977

Notes to the financial statements

at 31 December 2013

18. Creditors: amounts falling due after more than one year

Group	*2013*	*2012*
	€	€
Bank loans (note 19)	693,295,833	642,514,765
Amounts owed to related parties (note 28)	9,504,150	18,698,438
	702,799,983	661,213,203

Company	*2013*	*2012*
	€	€
Amounts due to related parties (note 28)	–	5,978,110

19. Loans

Bank loans repayable, included within creditors, are analysed as follows:

	2013	*2012*
	€	€
Repayable after 5 years	700,000,000	650,000,000
Less: Unamortised debt issuance costs	(6,704,167)	(7,485,235)
	693,295,833	642,514,765

The bank loans outstanding at 31 December 2013 are secured on the property and shares of certain subsidiaries. The loan bears interest at 3.6% (fixed) and expires on 20 July 2022.

20. Issued share capital

		2013		*2012*
Allotted, called up and fully paid	*No.*	€	*No.*	€
Ordinary shares of £0.000001 each	2,901,838,779	3,127	2,901,838,779	3,127
Ordinary director voting shares £0.01 each	1,000	12	1,000	12
		3,139		3,139

Notes to the financial statements

at 31 December 2013

21. Movements on reserves

Group	*Capital contribution reserve*	*Share premium*	*Revaluation reserve*	*Merger reserve*	*Profit and loss account*
	€	*€*	*€*	*€*	*€*
At 1 January 2013	152,740,854	164,883,967	429,248,052	1,166,116	(51,682,701)
Profit for the year	–	–	–	–	28,094,170
Gain on foreign currency translation	–	–	–	–	1,062,433
Reallocation from minority interests	–	–	–	–	(102,424)
Share of increase in revaluation surplus of subsidiary			88,974,660		
Transfer	(152,740,854)	–	–	–	152,740,854
Dividends paid	–	–	–	–	(27,162,581)
At 31 December 2013	–	164,883,967	518,222,712	1,166,116	102,949,751

Company	*Share premium account*	*Capital contribution reserve*	*Profit and loss account*
	€	*€*	*€*
At 1 January 2013	164,883,967	152,740,854	66,616,088
Profit for the year	–	–	886,197
Dividends paid	–	–	(27,162,581)
Transfer	–	(152,740,854)	152,740,854
At 31 December 2013	164,883,967	–	193,080,558

On 9 August 2013, a board approved a capital transfer and resolved to transfer €152,740,854 from the capital contribution reserve to the profit and loss account.

Notes to the financial statements
at 31 December 2013

22. Reconciliation of shareholders' funds

Group	*2013* €	*2012* €
Profit for the year	28,094,170	(36,737,870)
Capital contribution	–	134,375,921
Profit on foreign currency translation	1,062,433	221,708
Reallocation from minority interests	(102,424)	–
Share of increase in revaluation surplus of subsidiary undertaking	88,974,660	37,273,202
Dividends paid	(27,162,581)	(12,172,344)
Increase in shareholders' funds during the year	90,866,258	122,960,617
Opening shareholders' funds	696,359,427	573,398,810
Closing shareholders' funds	787,225,685	696,359,427

Company	*2013* €	*2012* €
Profit/(loss) for the year	886,197	(125,699)
Dividends paid	(27,162,581)	(12,172,344)
Capital contribution	–	134,376,021
(Decrease)/increase in shareholders' funds during the year	(26,276,384)	122,077,978
Opening shareholders' funds	384,244,048	262,166,070
Closing shareholders' funds	357,967,664	384,244,048

23. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2013 €	*2012* €
Operating profit	59,045,197	40,401,430
Depreciation of tangible fixed assets	263,418	80,449
Goodwill amortisation	3,282,045	3,272,500
Amortisation of lease incentives	2,748,880	3,933,112
Increase in stocks	(11,196)	–
Loss on disposal of fixed assets	–	306
(Increase)/decrease in debtors	(925,830)	4,803,567
(Decrease)/increase in creditors	(3,774,526)	2,266,840
Net cash inflow from operating activities	60,627,988	54,758,204

Notes to the financial statements

at 31 December 2013

23. Notes to the statement of cash flows

(b) Analysis of net debt

	At 1 January 2013	*Cash flows*	*Exchange adjustment*	*Other non cash charges*	*At 31 December 2013*
	€	€	€	€	€
Cash at bank and in hand	27,936,237	(5,698,076)	39,822	–	22,277,983
Debt within one year	(53,080,849)	(22,382,781)	–	–	(75,463,630)
Debt due after one year	(661,213,203)	(40,805,712)	–	(781,068)	(702,799,983)
	(714,294,052)	(63,188,493)	–	(781,068)	(778,263,613)
	(686,357,815)	(68,886,569)	39,822	(781,068)	(755,985,630)

24. Capital commitments

At the end of the year the group and company had no capital commitments (2012 – €nil).

25. Pensions

Certain key management are members of various executive pension schemes which are set up as single member schemes.

26. Minority interests

	€
At 1 January 2013	28,197,288
Share of profit for the year	1,407,409
Share of profit in revaluation surplus	4,292,669
Acquisition	2,222,710
Reallocation	102,424
At 31 December 2013	36,222,500

Notes to the financial statements

at 31 December 2013

27. Other financial commitments

Other lease commitments

The Group has previously entered into certain non-cancellable operating leases in respect of land and buildings on which the loss during the year was €111,930 (2012 – €117,158). The annual commitments in respect of these leases are as follows:

	2013	*2012*
Group	*€*	*€*
Operating leases which expired:		
– during 2013	–	117,130

Notes to the financial statements

at 31 December 2013

28. Related party transactions

The group, in the normal course of business, receives loans from, and extends loans to related parties. The amounts outstanding at 31 December 2013 and 31 December 2012 are as follows:

	2013	*2012*
	€	*€*
Debtors due within one year:		
Amounts owed by companies controlled by E D Healey and P D Healey*	47	–
Amounts owed by companies controlled by E D Healey and P D Healey***	13,110,151	15,987,646
Creditors due within one year:		
Amounts owed by companies controlled by E D Healey and P D Healey*	–	68,851
Amounts owed by companies controlled by E D Healey and P D Healey**	–	24,656,574
Amounts owed by companies controlled by E D Healey and P D Healey*****	31,170,816	–
Amounts owed by companies controlled by E D Healey and P D Healey******	815,860	–
Amounts owed by companies controlled by CPPIB**	–	24,656,574
Amounts owed by companies controlled by CPPIB*****	34,652,721	–
Amounts owed to Trusts of which E D Healey is a Trustee ****	3,606,000	3,698,850
Creditors due after more than one year:		
Amounts owed to Trusts of which E D Healey is a Trustee ****	9,504,151	12,720,328

At 31 December 2013 an amount of €4,749,154 (2012 – €5,978,110) had been advanced to the group by P D Healey. This loan attracts interest at 1% annually, and will be repaid during 2014. Interest paid during the year amounted to €52,537 (2012 – €28,480).

In addition during the year PD Healey advanced a loan to the group which had a balance of €1,284,939 as at 31 December 2013. The loan attracts interest at 4.5% per annum and will be repaid during 2014. Interest paid during the year amounted to €24,821.

* These loans are interest free and have no fixed repayment terms

** These loans attract interest at 3.6% annually and were repaid in January 2013. Interest paid during the year amounted to €87,436 (2012 – €63,148).

*** These loans attract interest at 5% annually and have no fixed repayment terms. Interest received during the year amounted to €712,345 (2012 – €390,828).

**** These loans attract interest at 5% annually and will be repaid during 2014. Interest paid during the year amounted to €712,345 (2012 – €390,828).

***** These loans attract interest at 4.5% quarterly and will be repaid during 2014. Interest paid during the year £1,239,857.

****** The group incurred a management charge from Stadium Welton Limited, a company controlled by E D Healey and P D Healey, during the year of €799,760 (2012 – Income of €1,212,878). The amount owed to Stadium Welton Limited at 31 December 2013 is €815,860 (2012 – amount owed from €797,336).

Notes to the financial statements

at 31 December 2013

28. Related party transactions (continued)

Of the above amounts the following amounts relate to the company:

	2013 €	2012 €
Debtors due within one year:		
Amounts owed by companies controlled by E D Healey, P D Healey & CPPIB No3	154,687,419	186,494,872
Creditors due within one year:		
Amounts owed by companies controlled by E D Healey and P D Healey**	–	24,656,574
Amounts owed by companies controlled by E D Healey and P D Healey*****	31,170,816	–
Amounts owed by companies controlled by CPPIB**	–	24,656,574
Amounts owed by companies controlled by CPPIB*****	34,652,721	–
Amounts advanced by P D Healey [1]	4,749,154	–
Creditors due after more than one year:		
Amounts advanced by P D Healey	–	5,978,110

[1] At 31 December 2013 an amount of €4,749,154 (2012 – €5,978,110) had been advanced to the company by P D Healey. This loan attracts interest at 1% annually, and will be repaid during 2014. Interest paid during the year amounted to €53,588 (2012 – €28,480).

Various loans have been made to subsidiary companies which are not 100% owned. The interest charged on these balances, at rates ranging from 1% to 4.5%, during the year was €2,351,619 (2012: €618,048). The amounts owed to these subsidiaries as at the yearend was €154,687,419 (2012: €165,597,830).

The company has taken advantage of the exemption in FRS 8 "Related party disclosures" not to disclose transactions with wholly owned subsidiaries.

29. Ultimate parent undertaking and controlling party

There is no controlling party or parent undertaking. Although CPPIB US Re-3 Inc owns the greater proportion of the share capital the voting rights held by CPPIB and SPH 2011 Limited are such that the company is deadlocked and therefore there is no ultimate controlling party.

30. Events since the balance sheet date

On 13th February 2014, SPH 2011 Limited signed an agreement to sell its entire holding in the company to Unibail-Rodamco SE, a company listed in France.