

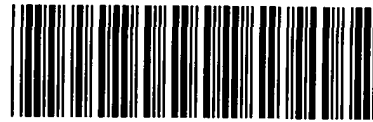
Company registration number 07488898

SPH 2011 Limited

Consolidated financial statements

31st December 2014

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Financial statements
for the year ended 31st December 2014

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Officers and professional advisers

The board of directors

P D Healey
A S Fish
A J Standish
A M Clare

Company secretary

A S Fish

Registered office

Welton Grange
Welton
Brough
East Yorkshire
HU15 1NB

Auditor

Sagars Accountants Ltd
Chartered Accountants
& Statutory Auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

Directors' report

for the year ended 31st December 2014

The directors present their report and the financial statements of the group for the year ended 31st December 2014.

Results and dividends

The loss for the year, after taxation, amounted to £33,341,969. The directors have not recommended a dividend.

Directors

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

P D Healey
A S Fish
E D Healey
A J Standish
A M Clare

E D Healey retired as a director on 15th April 2015.

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 company and the group and of the profit or loss of the group for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors' report *(continued)*

for the year ended 31st December 2014

Auditor


Ernst & Young LLP resigned as auditors during the year and Sagars Accountants Ltd were appointed in their place. Sagars Accountants Ltd are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:
Welton Grange
Welton
Brough
East Yorkshire
HU15 1NB

Signed by order of the directors



A S Fish
Company Secretary

Approved by the directors on 24 September 2015

Strategic report

year ended 31st December 2014

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 increased from £8.61m in 2013 to £9.55m in 2014 largely as a result of the continuous asset management and improvement programme adopted by the group in relation to its investment property portfolio. In particular the group's retail park at Newport saw an increase in rental income as the second phase development, which was completed in 2013, saw its first full year of rental income and the expiry of the rent free periods associated with the new tenants. Administrative expenses have fallen from £8.5m in 2013 to £4.61m in 2014 due to the exceptional write down in the value of one of the group's investment properties in the prior year.

On 14th May 2014 the group disposed of its share in its associate, CentrO Holdings (UK) Limited, which owns and manages a shopping centre in Germany through its German subsidiaries. The disposal has resulted in the group's share of the operating profit falling from £22.76m in 2013 to £9.14m in 2014. The loss on the disposal of the associate was £37.53m which is shown in the profit and loss account, but the group also realised a profit of £123.35m in respect of the property held by the associate, which had previously been recognised in the revaluation reserve.

The factors outlined above and in particular the loss on disposal, led to an overall loss after tax for the group of £33.34m, compared to a profit of £341,350 in 2013.

With regard to the balance sheet the group has two main key performance indicators.

Firstly the value of the investment properties held by the group increased from £173.26m in 2013 to £177.56m in 2014. This is partly due to the additional monies spent on the creation of additional units at the group's retail park in Newport.

However, in addition, market conditions in the retail warehouse investment sector have shown a general improvement compared to the prior year, resulting in an uplift in value across the portfolio as a whole.

The retail investment market also improved in Germany, in particular for prime shopping centres and as a result the directors saw an opportunity to realise their investment. As referred to above in May 2014 the group sold its remaining investment in its associate, CentrO Holdings (UK) Limited, resulting in net proceeds to the group of £351m.

The second key performance indicator is the ability of the group to generate cash and in the year ended 31st December 2014, primarily as a result of the disposal of the group's associate, the group saw a net cash inflow of £192.89m.

Overall the directors consider the results for the year to be highly satisfactory. The sale by the group of its remaining interest in its associate has resulted in a significant cash windfall for the group but the directors are confident that these funds will be reinvested to keep the group profitable in the 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 spreading its assets, both geographically and across retail sectors.

The risks associated with the fluctuation of interest rates are mitigated by a comprehensive hedging strategy. Whilst under UK GAAP the fair value of the derivatives are not recognised and there is no intention to settle these liabilities, the value of these derivative instruments can vary significantly at any one time.

Signed by order of the directors



A S Fish
Company Secretary

Approved by the directors on 24 September 2015

**Independent auditor's report to the shareholders of SPH 2011 Limited
for the year ended 31st December 2014**

We have audited the group and parent company financial statements of SPH 2011 Limited for the year ended 31st December 2014 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Cash Flow Statement and the related notes. 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 shareholders, 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 shareholders 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 shareholders 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report to the shareholders of SPH 2011 Limited (continued)
for the year ended 31st December 2014

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31st December 2014 and of the group's loss 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.

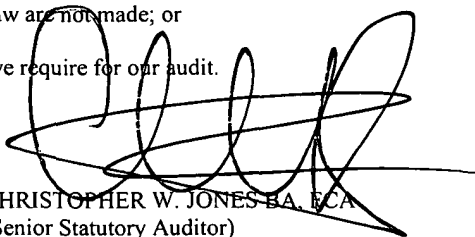
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



CHRISTOPHER W. JONES BA, FCA
(Senior Statutory Auditor)
For and on behalf of
SAGARS ACCOUNTANTS LTD
Chartered Accountants
& Statutory Auditor

Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

24th September 2015

Group Profit and Loss Account
for the year ended 31st December 2014

	Note	2014 £	2013 £
Group turnover	2	9,554,327	8,612,117
Cost of sales		<u>(930,128)</u>	<u>(984,323)</u>
Gross profit		8,624,199	7,627,794
Administrative expenses		<u>(4,612,357)</u>	<u>(8,509,320)</u>
Operating profit/(loss)	3	4,011,842	(881,526)
Attributable to:			
Operating profit before exceptional items		4,011,842	3,149,962
Revaluation of investment properties	3	<u>—</u>	<u>(4,031,488)</u>
		4,011,842	(881,526)
Share of associate operating profit		<u>9,138,944</u>	<u>22,762,348</u>
Total operating profit: group and share of associates		13,150,786	21,880,822
Loss on disposal of fixed asset investment		<u>(37,531,464)</u>	<u>—</u>
		(24,380,678)	21,880,822
Interest receivable and similar income	6	5,788,475	2,173,321
Share of associate interest receivable		587,580	292,421
Interest payable and similar charges	7	(10,571,824)	(12,274,326)
Share of interest payable, associate		(4,476,297)	(11,217,445)
		<u>(33,052,744)</u>	<u>854,793</u>
(Loss)/profit on ordinary activities before taxation		(33,052,744)	854,793
Tax on (loss)/profit on ordinary activities	8	(282,649)	(513,443)
		<u>(33,335,393)</u>	<u>341,350</u>
(Loss)/profit for the financial year	9	(33,335,393)	341,350

All of the activities of the group are classed as continuing.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

The notes on pages 12 to 28 form part of these financial statements.

Group statement of total recognised gains and losses
for the year ended 31st December 2014

	2014 £	2013 £
Loss for the financial year excluding share of profit of associate	(38,302,222)	(11,031,720)
Share of associate profit for the year	<u>4,966,829</u>	<u>11,373,070</u>
(Loss)/Profit attributable to shareholders of the parent company	(33,335,393)	341,350
Translation of net assets of associate	(5,927,544)	7,026,224
Share of increase in revaluation surplus of subsidiary	2,569,324	11,391,418
Share of increase in revaluation surplus of associate	<u>73,741,153</u>	<u>35,225,453</u>
Total gains and losses recognised since the last annual report	<u><u>37,047,540</u></u>	<u><u>54,155,710</u></u>

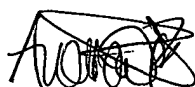
The notes on pages 12 to 28 form part of these financial statements.

**Group balance sheet
as at 31st December 2014**

	Note	2014 £	2013 £
Fixed assets			
Intangible assets	10	6,896,856	7,326,365
Tangible assets	11	177,766,836	173,460,901
Investments	12		
Investments in associates		—	311,666,054
Other investments		<u>99,952,771</u>	<u>50,000,000</u>
		99,952,771	361,666,054
		284,616,463	542,453,320
Current assets			
Stocks	13	—	15,026
Debtors due within one year	14	48,359,732	59,707,326
Debtors due after one year	14	22,326,141	6,383,626
Restricted cash		22,011,733	19,164,385
Cash at bank		<u>191,971,261</u>	<u>1,923,970</u>
		284,668,867	87,194,333
Creditors: Amounts falling due within one year	15	(109,935,205)	(107,695,315)
Net current assets/(liabilities)		174,733,662	(20,500,982)
Total assets less current liabilities		459,350,125	521,952,338
Creditors: Amounts falling due after more than one year	16	(18,163,985)	(119,131,420)
		441,186,140	402,820,918
Capital and reserves			
Called up equity share capital	20	24,873	24,873
Share premium account	21	375,172,486	375,172,486
Revaluation reserve	21	8,923,209	54,647,851
Other reserves	21	21,563,753	21,563,753
Profit and loss account	21	<u>35,501,819</u>	<u>(48,588,045)</u>
Shareholders' funds	22	441,186,140	402,820,918

These financial statements were approved by the directors and authorised for issue on 24 September 2015, and are signed on their behalf by:

A S Fish



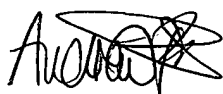
The notes on pages 12 to 28 form part of these financial statements.

**Company balance sheet
as at 31st December 2014**

	Note	2014 £	2013 £
Fixed assets			
Investments	12	154,241,871	371,161,461
Current assets			
Debtors due within one year	14	95,349,995	43,320,923
Debtors due after one year	14	18,820,276	—
Cash at bank		186,229,263	1,429,751
		<u>300,399,534</u>	<u>44,750,674</u>
Creditors: Amounts falling due within one year	15	<u>(3,707,584)</u>	<u>(44,332,534)</u>
Net current assets		<u>296,691,950</u>	<u>418,140</u>
Total assets less current liabilities		<u>450,933,821</u>	<u>371,579,601</u>
Capital and reserves			
Called up equity share capital	20	24,873	24,873
Share premium account	21	375,172,486	375,172,486
Profit and loss account	21	75,736,462	(3,617,758)
Shareholders' funds		<u>450,933,821</u>	<u>371,579,601</u>

These financial statements were approved by the directors and authorised for issue on 24 September 2015, and are signed on their behalf by:

A S Fish



Company Registration Number: 07488898

The notes on pages 12 to 28 form part of these financial statements.

Group cash flow cash flow statement
year ended 31st December 2014

	Note	2014 £	2013 £
Net cash inflow/(outflow) from operating activities	23	8,251,139	(3,992,470)
Returns on investments and Servicing of finance			
Income from other fixed asset investments		77,390,764	10,730,024
Interest received		3,025,798	301,320
Interest paid		<u>(13,029,008)</u>	<u>(15,111,113)</u>
Net cash inflow/(outflow) from returns on investments and servicing of finance		67,387,554	(4,079,769)
Taxation		(2,750,943)	(5,909,730)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(2,172,946)	(9,335,469)
Receipts from sale of fixed assets		66,175	53,507
Acquisition of investments		(50,000,000)	–
Disposal of investments		320,163,183	21,519,629
Loans to related parties		<u>(79,328,096)</u>	<u>–</u>
Net cash inflow for capital expenditure and financial investment		188,728,316	12,237,667
Cash inflow/(outflow) before financing		261,616,066	(1,744,302)
Financing			
Repayment of long-term amounts due to related parties		<u>(68,721,427)</u>	<u>(10,461,774)</u>
Net cash outflow from financing		(68,721,427)	(10,461,774)
Increase/(decrease) in cash	23	<u>192,894,639</u>	<u>(12,206,077)</u>

The notes on pages 12 to 28 form part of these financial statements.

Notes to the financial statements

for the year ended 31st December 2014

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

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 financial statements have been prepared on a going concern basis, which assumes that the Group has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due.

As at 31 December 2014, the Group has a long-term banking facility with a syndicate of lenders and the amounts outstanding on this facility as at December 2014 are disclosed in note 17 of the financial statements. Certain financial covenants are attached to the facility and relate primarily to the value of the investment properties held within the Group as a percentage of the bank debt (Loan to Value) and the servicing of interest as a percentage of rent (Interest Cover).

On 27th March 2015 the group repaid its bank debt in full. As part of the transaction and due to market conditions, the group retained its interest rate hedging position with the inherent liability on the interest rate swaps being secured against the group's investment properties and certain cash deposits. In addition there remain certain financial covenants as described above under the new arrangements.

The directors believe, following the refinancing of the banking facility in April 2015, the group has adequate resources and provides sufficient funds to support the Group for the foreseeable future and meet its liabilities as and when they fall due for a period of at least twelve months from the date of approval of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of SPH 2011 Limited and its subsidiary undertakings drawn up to 31 December 2014. The results of subsidiary undertakings acquired or disposed of are included in the group profit and loss account from or up to the effective date of acquisition or disposal.

Entities, other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, 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 assets of the associate is shown in the group balance sheet.

In the parent undertaking financial statement investments in subsidiaries, joint ventures and associates are accounted for at the lower of cost and net realisable value.

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 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 of 20 years.

Goodwill is reviewed for impairment at the end of the first full financial period 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 for the year ended 31st December 2014

1. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - Straight line over 20 years

Fixed assets

i. Investment properties

Investment properties are accounted for with SSAP 19 as follows:

Investment properties are revalued annually. The surplus or deficit is transferred to a revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent in which case it is recognised in the profit and loss account for the year; and

No depreciation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

Although the Companies Act 2006 would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes in the current value, are of prime importance rather than a calculation of systematic annual depreciation.

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.

ii. Other

Other fixed assets are stated at cost less accumulated depreciation and accumulated provision for impairment. The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property - Over the term of the lease
Plant & Machinery - 3-10 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Investments

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

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

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 period 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.

Notes to the financial statements

for the year ended 31st December 2014

1. Accounting policies *(continued)*

Deferred taxation

Deferred tax 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 a 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, and 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 tax that would arise on remittance of the retained earnings of overseas 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 a discounted/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.

Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the period 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 overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to 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.

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Inter differentials are recognised by accruing with net interest payable. Interest rate swaps are not revalued to fair value or shown in the balance at the period end.

Interest rate swaps acquired with a subsidiary undertaking are initially valued at fair value at the date of acquisition and subsequently amortised over the period of the swap agreements.

Restricted cash

Restricted cash represents cash held on deposit in accordance with the Company's financing facilities which the Company has no access to until the expiry of the facilities in April 2015.

Notes to the financial statements

for the year ended 31st December 2014

1. Accounting policies *(continued)*

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 constant rate on the carrying amount.

2. Turnover

Turnover arising in the UK (and related to ongoing activities):

	2014 £	2013 £
Income receivable from properties let	8,472,239	7,477,546
Management fees receivable	1,082,088	1,134,571
Total turnover	<u>9,554,327</u>	<u>8,612,117</u>

3. Operating profit

Operating profit is stated after charging/(crediting):

	2014 £	2013 £
Amortisation of intangible assets	429,509	429,509
Depreciation of owned fixed assets	53,036	69,238
Loss on disposal of fixed assets	–	163,100
Auditor's remuneration		
- as auditor	34,000	64,990
Operating lease costs:		
- Other	–	8,130
Net profit on foreign currency translation	(1,012,181)	(1,025,897)
Revaluation of investment properties	–	4,031,488

Of the total auditor remuneration £6,000 (2013 - £15,000) was for the audit of the company's financial statements.

As at 31 December 2013 the directors assessed the revaluation of one of the group's investment properties as representing a permanent reduction in value, rather than a temporary reduction in value as was the assessment in the prior years. Therefore the amounts recorded in revaluation reserves of £4,028,738 and the 2013 downward valuation of £2,750 were recorded in the profit and loss account in 2013.

Notes to the financial statements

for the year ended 31st December 2014

4. Particulars of employees

The average number of staff employed by the group during the financial year amounted to:

	2014 No	2013 No
Administrative staff	<u>39</u>	<u>39</u>

The aggregate payroll costs of the above were:

	2014 £	2013 £
Wages and salaries	1,471,713	2,493,613
Social security costs	174,075	198,574
Other pension costs	220,463	219,974
	<u>1,866,251</u>	<u>2,912,161</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2014 £	2013 £
Remuneration receivable	321,047	294,081
Value of company pension contributions to money purchase schemes	25,412	53,846
	<u>346,459</u>	<u>347,927</u>

6. Interest receivable and similar income

	2014 £	2013 £
Bank interest receivable	1,582,691	287,784
Other similar income receivable	4,205,784	1,885,537
	<u>5,788,475</u>	<u>2,173,321</u>

7. Interest payable and similar charges

	2014 £	2013 £
Interest payable on bank borrowing	9,066,755	8,697,287
Interest on other loans	2,732,096	4,804,067
Amortisation of interest rate swap liability	(1,227,027)	(1,227,028)
	<u>10,571,824</u>	<u>12,274,326</u>

Notes to the financial statements

for the year ended 31st December 2014

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2014 £	2013 £
Current tax:		
UK Taxation		
UK Corporation tax based on the results for the year at 21.50% (2013 - 23.25%)	283,393	(24,168)
Adjustment in respect of prior year	(744)	(86,616)
Foreign tax		
Tax on income from associate - foreign	-	624,227
Total current tax	<u>282,649</u>	<u>513,443</u>

The group has no deferred tax liability.

Deferred tax assets have not been recognised in respect of accelerated capital allowances, short-term timing differences and losses carried forward as there is insufficient evidence that these assets will be recovered. The amount of the asset not recognised is £15,275,283 (2013 - £19,227,693). The asset would be recovered if sufficient future profits were to arise which the reversal could be set.

Notes to the financial statements

for the year ended 31st December 2014

8. Taxation on ordinary activities (*continued*)

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%).

	2014 £	2013 £
(Loss)/profit on ordinary activities before taxation	<u>(33,052,744)</u>	<u>854,793</u>
(Loss)/profit on ordinary activities by rate of tax	(7,053,446)	198,740
Expenses not deductible for tax purposes	8,258,856	2,322,754
Losses (utilised)/carried forward	(76,486)	(1,996,221)
Depreciation in excess of capital allowances	-	74,786
Adjustment in respect of prior periods	(744)	(86,616)
Capital allowances in excess of depreciation	(144)	-
Movement in un-provided deferred tax	<u>(845,387)</u>	<u>-</u>
Total current tax (note 8(a))	<u>282,649</u>	<u>513,443</u>

9. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £79,354,220 (2013 - £3,768,591).

10. Intangible assets

Group

Goodwill

	£
Cost	
At 1st January 2014 and 31st December 2014	<u>8,590,181</u>
Amortisation	
At 1st January 2014	1,263,816
Charge for the year	429,509
At 31st December 2014	<u>1,693,325</u>
Net book value	
At 31st December 2014	<u>6,896,856</u>
At 31st December 2013	<u>7,326,365</u>

Notes to the financial statements

for the year ended 31st December 2014

10. Intangible assets (continued)

Goodwill relates to the acquisition of Stadium Parkgate (Holdings) Limited in 2011 and is being amortised over 20 years which is the period which it is deemed that economic benefit is estimated to be derived.

11. Tangible assets

Group	Investment Properties £	Leasehold Property £	Fixtures, fittings, plant & machinery £	Total £
Cost or valuation				
At 1st January 2014	173,259,824	31,134	293,781	173,584,739
Additions	1,946,527	–	124,969	2,071,496
Disposals	–	(120)	(152,312)	(152,432)
Revaluation	2,569,324	–	–	2,569,324
Impairment	(215,674)	–	–	(215,674)
At 31st December 2014	177,560,001	31,014	266,438	177,857,453
Depreciation				
At 1st January 2014	–	295	123,543	123,838
Charge for the year	–	3,108	49,928	53,036
On disposals	–	–	(86,257)	(86,257)
At 31st December 2014	–	3,403	87,214	90,617
Net book value				
At 31st December 2014	177,560,001	27,611	179,224	177,766,836
At 31st December 2013	173,259,824	30,839	170,238	173,460,901

The group's investment properties were valued by the directors as at 31 December 2014 at £177,560,000 (2013 - £173,259,824) on an open market basis.

The historic cost of investment properties stated at valuation as at 31 December 2014 is £175,044,686 (2013 - £172,429,128).

12. Investments

Group	Investments £	Bonds £	Total £
Cost/fair value			
At 1st January 2014	50,000,000	–	50,000,000
Additions - group shares	–	49,952,771	49,952,771
At 31st December 2014	50,000,000	49,952,771	99,952,771
Net book value			
At 31st December 2014	50,000,000	49,952,771	99,952,771
At 1st January 2014	50,000,000	–	50,000,000

At 31 December 2014 the £50,000,000 investment represents 50,000,000 of £1 each 6% fixed cumulative preference shares of which £30,000,000 issued by SRH 2011 Limited and £20,000,000 issued by Stadium Retail (Holdings) Limited.

Notes to the financial statements
for the year ended 31st December 2014

12. Investments (continued)

Company	Group companies £	Bonds £	Total £
Cost			
At 1st January 2014	379,832,393	-	379,832,393
Additions	4,000,001	49,952,771	53,952,772
Disposals	(270,872,362)	-	(270,872,362)
At 31st December 2014	<u>112,960,032</u>	<u>49,952,771</u>	<u>162,912,803</u>
Amounts written off			
At 1st January 2014 and 31st December 2014	<u>8,670,932</u>	<u>-</u>	<u>8,670,932</u>
Net book value			
At 31st December 2014	<u>104,289,100</u>	<u>49,952,771</u>	<u>154,241,871</u>
At 31st December 2013	<u>371,161,461</u>	<u>-</u>	<u>371,161,461</u>

Notes to the financial statements

for the year ended 31st December 2014

12. Investments (continued)

Details of the investments in which the company holds 20% or more of the nominal value of any class of the share capital are as follows:

Name	Country of incorporation	Holding	Proportion of voting rights	Principal activity
Stadium Parkgate (Holdings) Limited UK	UK	Ordinary shares	100%	Parent undertaking
Stadium Welton Limited	UK	Ordinary shares	100%	Property Management
Stadium Newport Limited	UK	Ordinary shares	100%*	Property investment
Stadium Ty Glas Limited	UK	Ordinary shares	100%*	Property investment
Stadium Bournemouth Limited	UK	Ordinary shares	100%***	Property investment
Stadium Catcliffe Limited	UK	Ordinary shares	100%***	Property investment
Stadium Widnes Limited	UK	Ordinary shares	100%***	Property investment
Stadium Barnsley Limited	UK	Ordinary shares	100%*	Property investment
Stadium Bradford Limited	UK	Ordinary shares	100%*	Property investment
Stadium Property Asset Management No 3 Limited	UK	Ordinary shares	100%*	Property investment
Hall Properties (Holdings) Limited	UK	Ordinary shares	100%**	Parent undertaking
Hall Property Developments Limited	UK	Ordinary shares	100%****	Property investment

* Investment held indirectly through Stadium Parkgate (Holdings) Limited** Investment held by Stadium Welton Limited

*** Investment held by Stadium (Newport) Limited

**** Investment held by Hall Properties (Holdings) Limited

The Group held a 47.6% interest in the shares of Centro Holdings (UK) Limited which were sold in May 2014.

The share of net assets and liabilities at 31 December 2013 of associates accounted for using the equity method are as follows:

	2014 £	2013 £
Fixed assets	–	620,655,283
Current assets	–	18,580,880
Share of gross assets	–	639,236,163
Liabilities due within one year	–	(34,987,910)
Liabilities due after more than one year	–	(278,241,555)
Share of gross liabilities	–	326,006,698
Minority interest	–	(14,340,644)
Share of net assets	–	311,666,054

Notes to the financial statements

for the year ended 31st December 2014

12. Investments (continued)

The share of income, expenses and net loss for the year ended 31 December 2014 of associates accounted for using the equity method are as follows:

	£	£
Turnover	12,941,335	34,104,440
Cost of sales	<u>(2,011,176)</u>	<u>(6,257,995)</u>
Gross profit	10,930,159	27,846,445
Administrative expenses	<u>(1,791,215)</u>	<u>(5,084,097)</u>
Operating profit	9,138,944	22,762,348
Net finance costs	<u>(3,888,717)</u>	<u>(10,925,024)</u>
Profit before tax	5,250,227	11,837,324
Tax	<u>(283,393)</u>	<u>(464,254)</u>
Profit after tax	<u><u>4,966,834</u></u>	<u><u>11,373,070</u></u>

13. Stocks

	Group		Company
	2014	2013	2014
	£	£	£
Stock	<u>—</u>	<u>15,026</u>	<u>—</u>

14. Debtors

	Group		Company
	2014	2013	2014
	£	£	£
Trade debtors	20,086	2,475,977	—
Amounts owed by group undertakings	—	—	78,470,587
VAT recoverable	505,545	93,771	6,635
Amounts due from related parties	31,999,359	49,520,921	5,454,543
Other debtors	30,277,339	472,360	29,257,893
Prepayments and accrued income	7,883,544	13,527,923	980,613
	<u><u>70,685,873</u></u>	<u><u>66,090,952</u></u>	<u><u>114,170,271</u></u>
			<u><u>43,320,923</u></u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company
	2014	2013	2014
	£	£	£
Other debtors	<u><u>22,326,141</u></u>	<u><u>6,383,626</u></u>	<u><u>18,820,276</u></u>

Notes to the financial statements
for the year ended 31st December 2014

15. Creditors: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans	99,894,057	–	–	–
Trade creditors	80,602	518,248	–	–
Amounts owed to related parties	5,052,197	92,029,352	3,400,136	41,079,682
Corporation tax	–	2,751,687	–	–
Other taxation and social security	1,078,837	329,406	–	–
Other creditors	369,512	3,293,181	279,191	3,191,591
Accruals and deferred income	3,460,000	8,773,441	28,257	61,261
	<u>109,935,205</u>	<u>107,695,315</u>	<u>3,707,584</u>	<u>44,332,534</u>

The bank loans repayable, included within creditors are analysed as follows:

	2014	2013
	£	£
Repayable within one year	100,000,000	–
Repayable between two and five years	–	100,000,000
Less: unamortised debt issuance costs	(105,943)	(529,715)
	<u>99,894,057</u>	<u>99,470,285</u>

The bank loans are secured on the investment properties and shares of certain subsidiaries. The bank loans were renewed in April 2015.

16. Creditors: Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans	–	99,470,285	–	–
Amounts owed to group undertakings	1,497	1,460	–	–
Other creditors including:				
Other creditors	–	270,160	–	–
Other creditors - Interest rate swap liability provision	17,862,488	19,089,515	–	–
Accruals and deferred income	300,000	300,000	–	–
	<u>18,163,985</u>	<u>119,131,420</u>	<u>–</u>	<u>–</u>

The interest rate swap liability represents the liability on the interest rate swap agreements on acquisition and are being amortised over the period of which the interest rate swap agreements relate to.

17. Pensions

Certain key management are members of various executive pension schemes which are set up as single member schemes. A self administered scheme is in operation for the benefit of E D Healey.

Notes to the financial statements

for the year ended 31st December 2014

18. Derivatives

The group has the following derivatives which are not included at fair value in the financial statements:

	Principal 2014	Fair value 2014	Principal 2013	Fair value 2013
	£	£	£	£
Interest rate swap contracts	125,000,000	(47,251,252)	125,000,000	(27,217,162)

19. Related party transactions

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

The group, in the normal course of business, receives loans from, and extends loans to related parties. The amounts outstanding as at 31 December 2014 are shown below.

Group

Debtors due within one year:

	2014	2013
	£	£
Stadium Retail (Holdings) Limited (N2)	26,544,816	22,909,671
Stadium Prestatyn (South) Limited (N1)	289,787	–
Thrush Life Interest Settlement (N3)	5,159,756	–
CentrO Holdings (UK) Limited (N4)	–	25,932,459
CentrO Asset Management Limited (N1)	–	678,791
Robin discretionary Trust (N1)	5,000	–
	<u>31,999,359</u>	<u>49,520,921</u>

Creditors due within one year:

	2014	2013
	£	£
Stadium Fforestfach (No. 2) Limited (N5)	374,317	374,317
Inhoco 3167 Limited (N1)	1,009,260	1,009,260
CentrO Projektentwicklungs GmbH (N6)	–	36
CentrO Grundstücksentwicklungs GmbH (N6)	–	36
CentrO Management GmbH (N6)	–	36
CentrO Oberhausen GmbH (N6)	–	36
CentrO Asset Management Limited (N7)	–	10,906,948
Hawk Investment Trust (N8)	–	79,457,369
	<u>1,383,577</u>	<u>91,748,038</u>

Creditors due after more than one year:

Notes to the financial statements

for the year ended 31st December 2014

19. Related party transactions (continued)

	2014	2013
	£	£
Inhoco 3167 Limited (N1)	1,497	1,460

During the year interest was charged/ (received) as follows:

	2014	2013
	£	£
Stadium Retail (Holdings) Limited	(1,407,265)	(1,320,722)
Thrush Life settlement trust	(156,756)	–
Stadium Vicar Lane	(5,653)	–
Inhoco 3167 Limited	36	36
Hawk Investment Trust	1,768,058	2,905,698
	<u>199,917</u>	<u>1,586,472</u>

As at 31 December 2014, an amount of £3,504,730 (2013 - £152,933) was owed to P D Healey and an amount of £163,890 (2013 - £128,344) was owed to E D Healey, both directors of the company.

Company only

Debtors due within one year:

	2014	2013
	£	£
Thrush Life Interest Settlement (N9)	5,159,756	–
Robin Discretionary Trust (N1)	5,000	–
Stadium Prestatyn (South) Limited (N1)	289,787	–
CentrO Holdings (UK) Limited (N4)	–	25,932,459
	<u>5,454,543</u>	<u>25,932,459</u>

Creditors due within one year:

	2014	2013
	£	£
Stadium Fforestfach (No. 2) Limited	–	351,387
CentrO Oberhausen GmbH (N4)	–	36
CentrO Projektentwicklungs GmbH (N4)	–	36
CentrO Grundstücksentwicklungs GmbH (N4)	–	36
CentrO Management GmbH (N4)	–	36
Hawk Investment Trust (N3)	–	30,099,622
CentrO Asset Management Limited (N2)	–	10,906,948
	<u>–</u>	<u>41,358,101</u>

As at 31 December 2014, an amount of £3,400,136 (2013 - £152,933) was owed to P D Healey and an amount of £163,890 (2013 - £128,344) was owed to E D Healey, both directors of the company.

Interest was charged in the year of £156,756 (2013 - £126,737) on the Thrush Life settlement.

N1 - These loans attract no interest

N2 - Interest is charged at 6% annually

N3 - Interest is charged at 3% plus 10 year LIBOR annually.

N4 - Interest is charged at 3.6% annually

N5 - Interest is charged at 2% over base rate annually

N6 - Interest was charged at 6% annually

N7 - Interest was charged at 5% annually

N8 - Interest is charged at 4.5% annually for the SPH 2011 loan and for the Stadium Parkgate loan interest is charged at 6% quarterly with a 1% commitment fee on undrawn funds. N9 - Interest is charged at LIBOR + 3% annually

Notes to the financial statements

for the year ended 31st December 2014

20. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £0.01 each	2,487,314	24,873	2,487,314	24,873
Deferred shares of £0.01 each	2	-	2	-
	<u>2,487,316</u>	<u>24,873</u>	<u>2,487,316</u>	<u>24,873</u>

21. Reserves

Group	Share premium account £	Revaluation reserve £	Merger reserve £	Profit and loss account £
Balance brought forward	375,172,486	54,647,851	21,563,753	(48,588,045)
Loss for the year	-	-	-	(33,335,393)
Loss on foreign currency translation	-	-	-	(5,927,544)
Other gains and losses	-	-	-	-
- Revaluation of fixed assets	-	77,628,159	-	-
Other movements	-	-	-	-
- transfer to/from revaluation reserve	-	(123,352,801)	-	123,352,801
Balance carried forward	<u>375,172,486</u>	<u>8,923,209</u>	<u>21,563,753</u>	<u>35,501,819</u>
Company			Share premium account £	Profit and loss account £
Balance brought forward			375,172,486	(3,617,758)
Profit for the year			-	79,354,220
Balance carried forward			<u>375,172,486</u>	<u>75,736,462</u>

22. Reconciliation of movements in shareholders' funds

	2014 £	2013 £
(Loss)/Profit for the financial year	(33,335,393)	341,350
Other net recognised gains and losses	77,628,159	46,788,136
Realisation of revaluation reserve	-	4,028,738
Transfer from revaluation reserve	123,352,801	-
Gain on foreign currency translation	(5,927,544)	7,026,226
Transfer to profit and loss account	<u>(123,352,801)</u>	<u>-</u>
Net addition to shareholders' funds	38,365,222	58,184,448
Opening shareholders' funds	402,820,918	344,636,468
Closing shareholders' funds	<u>441,186,140</u>	<u>402,820,918</u>

Notes to the financial statements
for the year ended 31st December 2014

23. Notes to the cash flow statement

**Reconciliation of operating profit to net cash inflow/(outflow)
from operating activities**

	2014 £	2013 £
Operating profit/(loss)	4,011,842	(881,526)
Amortisation	429,509	429,509
Depreciation	53,036	69,238
Loss on disposal of fixed assets	–	163,100
Decrease in stocks	15,026	–
Decrease/(increase) in debtors	2,076,522	(1,630,037)
Decrease in creditors	(609,911)	(8,841,732)
Revaluation of investment properties	–	4,031,488
Amortisation of lease incentives & bank arrangement fees	2,275,115	2,493,472
Impairment of fixed assets	–	174,018
Net cash inflow/(outflow) from operating activities	<u>8,251,139</u>	<u>(3,992,470)</u>

Reconciliation of net cash flow to movement in net funds

	2014 £	2013 £
Increase/(decrease) in cash in the period	192,894,639	(12,206,075)
Net cash (inflow) from long-term amounts owed to group undertakings	<u>(18,058,042)</u>	–
	<u>174,836,597</u>	<u>(12,206,075)</u>
Change in net funds	174,836,597	(12,206,075)
Net debt at 1 January 2014	(78,911,645)	(66,705,570)
Net funds at 31 December 2014	<u>95,924,952</u>	<u>(78,911,645)</u>

Notes to the financial statements
for the year ended 31st December 2014

23. Notes to the cash flow statement (continued)

Analysis of changes in net funds

	At 1 Jan 2014 £	Cash flows £	At 31 Dec 2014 £
Net cash:			
Cash in hand and at bank	<u>21,088,355</u>	<u>192,894,639</u>	<u>213,982,994</u>
Debt:			
Debt due within 1 year	–	(99,894,057)	(99,894,057)
Debt due after 1 year	<u>(100,000,000)</u>	<u>81,836,015</u>	<u>(18,163,985)</u>
	<u>(100,000,000)</u>	<u>(18,058,042)</u>	<u>(118,058,042)</u>
Net funds	<u>(78,911,645)</u>	<u>174,836,597</u>	<u>95,924,952</u>

24. Post balance sheet events

On 27th March 2015 the group repaid its bank debt in full. As part of the transaction and due to market conditions, the group retained its interest rate hedging position with the inherent liability on the interest rate swaps being secured against the group's investment properties and certain cash deposits.