

LIBERTY INTERNATIONAL HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Company number 1503621



LIBERTY INTERNATIONAL HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and audited financial statements of Liberty International Holdings Limited ('the company') for the year ended 31 December 2012

The company is incorporated and registered in England and Wales. The company's registered office is 40 Broadway, London, SW1H 0BT

PRINCIPAL ACTIVITIES

The principal activity of the company is an investment holding company

BUSINESS REVIEW

The company's results and financial position for the year ended 31 December 2012 are set out in full in the income statement, statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the financial statements

Both the level of business during the year and the year end financial position were satisfactory. Profit before taxation was £20.4 million (2011 £43.9 million). Net assets at 31 December 2012 were £894.5 million (2011 £855.7 million)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The directors expect that the present level of activity will continue for the foreseeable future

The ultimate parent company changed its name from Capital Shopping Centres Group PLC to Intu Properties plc on 15 February 2013

As the company's ultimate parent company is Intu Properties plc, there are no principal risks and uncertainties facing the company which are not faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements

DIVIDENDS

The directors do not recommend a dividend for the year (2011 £nil)

CAPITAL MANAGEMENT

The directors consider the capital of the company to be the ordinary share capital of £178.1 million, share premium of £745.4 million, and funding from the company's immediate parent company of £104.7 million. Management of this capital is performed at group level

DIRECTORS IN THE YEAR

The directors who held office in the year and to the date of this report are listed below

Martin Ellis

David Fischel

Trevor Pereira

Matthews Roberts

LIBERTY INTERNATIONAL HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS' INDEMNITY PROVISION

A qualifying indemnity provision (as defined in S234 of the Companies Act 2006) is in force for the benefit of the directors of the company. The company's ultimate parent, Intu Properties plc, maintains directors' and officers' insurance which is reviewed annually.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Under the provisions of the Companies Act 2006, the company is not required to hold an annual general meeting. Elective Resolutions are in force to dispense with the appointment of auditors annually. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to be reappointed for each succeeding financial year.

By order of the Board



David Fischel
Director
4 September 2013

LIBERTY INTERNATIONAL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY INTERNATIONAL HOLDINGS LIMITED

We have audited the financial statements of Liberty International Holdings Limited (company number 1503621) for the year ended 31 December 2012 which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

LIBERTY INTERNATIONAL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY INTERNATIONAL HOLDINGS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Alison Morris (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 September 2013

LIBERTY INTERNATIONAL HOLDINGS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Dividends received		6 2	6 1
Gain on sale of subsidiaries	6	-	26 6
Reversal of impairment of investments	5	<u>11 1</u>	<u>8 4</u>
Operating profit	3	<u>17 3</u>	<u>41 1</u>
Finance income	2	2 8	2 8
Change in fair value of derivative financial instruments		<u>0 3</u>	<u>-</u>
Net finance costs		<u>3 1</u>	<u>2 8</u>
Profit before tax		20 4	43 9
Current tax	4	(0 8)	0 1
Deferred tax	4	<u>(0 8)</u>	<u>(2 1)</u>
Profit for the year		<u>18 8</u>	<u>41 9</u>

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Profit for the year		<u>18 8</u>	<u>41 9</u>
Other comprehensive income			
Revaluation of other investments	6	29 3	(7 9)
Exchange differences		(3 7)	(0 2)
Tax on items taken directly to other comprehensive income	10	<u>(5 6)</u>	<u>2 1</u>
Other comprehensive income for the year		<u>20 0</u>	<u>(6 0)</u>
Total comprehensive income for the year		<u>38 8</u>	<u>35 9</u>

LIBERTY INTERNATIONAL HOLDINGS LIMITED

BALANCE SHEET AT 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Investment in group undertakings	5	294 8	283 7
Other investments	6	<u>146 8</u>	<u>124 1</u>
		441 6	407 8
Current assets			
Trade and other receivables	7	761 3	757 3
Taxation		-	5 0
Cash and cash equivalents		<u>0 1</u>	<u>0 1</u>
		761 4	762 4
Total assets		<u>1,203 0</u>	<u>1,170 2</u>
Current liabilities			
Trade and other payables	8	(302 1)	(302 2)
Derivative financial instruments	9	<u>-</u>	<u>(12 3)</u>
		(302 1)	(314 5)
Non-current liabilities			
Deferred tax provision	10	<u>(6 4)</u>	<u>-</u>
Total liabilities		<u>(308 5)</u>	<u>(314 5)</u>
Net assets		<u>894 5</u>	<u>855 7</u>
Equity			
Share capital	11	178 1	178 1
Share premium		745 4	745 4
Other reserves	15	34 0	14 0
Retained earnings		<u>(63 0)</u>	<u>(81 8)</u>
Total equity		<u>894 5</u>	<u>855 7</u>

The notes on pages 9 to 22 form part of these financial statements

The financial statements on pages 5 to 22 have been approved by the Board of Directors on 4 September 2013 and signed on its behalf by



David Fischel
Director



Trevor Pereira
Director

LIBERTY INTERNATIONAL HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2012

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2012	178 1	745 4	14 0	(81 8)	855 7
Profit for the year	-	-	-	18 8	18 8
Other comprehensive income:					
Revaluation of other investments	-	-	29 3	-	29 3
Exchange differences	-	-	(3 7)	-	(3 7)
Tax on items taken directly to other comprehensive income	-	-	(5 6)	-	(5 6)
Total comprehensive income	-	-	20 0	18 8	38 8
At 31 December 2012	178 1	745 4	34 0	(63 0)	894 5

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2011	178 1	745 4	20 0	(123 7)	819 8
Profit for the year	-	-	-	41 9	41 9
Other comprehensive income					
Revaluation of other investments	-	-	(7 9)	-	(7 9)
Exchange differences	-	-	(0 2)	-	(0 2)
Tax on items taken directly to other comprehensive income	-	-	2 1	-	2 1
Total comprehensive income	-	-	(6 0)	41 9	35 9
At 31 December 2011	178 1	745 4	14 0	(81 8)	855 7

LIBERTY INTERNATIONAL HOLDINGS LIMITED

STATEMENT OF CASH FLOWS AT 31 DECEMBER 2012

	2012 £m	2011 £m
Profit before tax	20.4	43.9
Remove		
Gain on sale of subsidiaries	-	(26.6)
Reversal of impairment of investment	(11.1)	(8.4)
Finance income	(2.8)	(2.8)
Fair value movement on derivatives	(0.3)	-
Changes in working capital		
Change in trade and other receivables	(1.8)	3.7
Change in trade and other payables	0.3	(1.4)
Cash generated from operations	4.7	8.4
Taxation	4.2	-
Cash flows from operating activities	8.9	8.4
Cash flows from investing activities		
Other derivative financial instruments	(8.9)	(8.3)
Cash flows from investing activities	(8.9)	(8.3)
Cash flows from financing activities		
	-	-
Net increase in cash and cash equivalents	-	0.1
Cash and cash equivalents at 1 January	0.1	-
Cash and cash equivalents at 31 December	0.1	0.1

LIBERTY INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments and derivative financial instruments. A summary of the accounting policies is set out below

In assessing whether the going concern basis of preparation is appropriate to adopt, the directors considered a number of factors including financial projections of the company and the level of financial support that may be made available to the company by its ultimate parent, Intu Properties plc. Based on this review the directors have concluded that there is a reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Where such judgements are made they are included within the accounting policies given below

The company takes advantage of the exemption available under IAS 27 not to prepare consolidated financial statements. The financial statements of Liberty International Holdings Limited and its subsidiary undertakings are included in the consolidated financial statements of the ultimate parent company, Intu Properties plc

The accounting policies used are consistent with those applied in the last annual financial statements, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year. During 2012, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the company's 31 December 2012 year end

- IFRS 7 Financial Instruments Disclosures (amendment – disclosures on transfers of financial assets)

This amendment had no impact on the financial statements

LIBERTY INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Principal accounting policies (continued)

The following standards have been issued and adopted by the EU but are not effective for the year ended 31 December 2012 and have not been adopted early

- IFRS 7 Financial Instruments, Disclosures (amendment – offsetting requirements and converged disclosure) (effective from 1 January 2013),
- IFRS 10 Consolidated Financial Statements (effective from 1 January 2014),
- IFRS 11 Joint Arrangements (effective from 1 January 2014),
- IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2014),
- IFRS 13 Fair Value Measurement (effective from 1 January 2013),
- IAS 1 Presentation of Financial Statements (amendment) (effective from 1 July 2013),
- IAS 12 Income Taxes (amendment) (effective from 1 January 2013),
- IAS 19 Employee Benefits (revised) (effective from 1 January 2013),
- IAS 27 Separate Financial Statements (revised) (effective from 1 January 2014),
- IAS 28 Investments in Associates and Joint Ventures (revised) (effective from 1 January 2014), and
- IAS 32 Financial Instruments Presentation (amendment) (effective from 1 January 2014)

These pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentations or disclosure

Additionally a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. The most significant of these are

- IFRS 9 Financial Instruments,
- IFRS 10 Consolidated Financial Statements,
- IFRS 12 Disclosure of Interests in Other Entities (amendment),
- IAS 27 Separate Financial Statements (amendment),
- IAS 32 Financial Instruments Presentation (amendment),
- Amendments to (transition guidance) IFRS 10, IFRS 11 and IFRS 12, and
- Amendments arising from annual improvements 2009-2011 cycle

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013

Investment in subsidiary undertakings

Investments in subsidiary undertakings are carried in the balance sheet at cost less any provision considered necessary by the directors to reflect any permanent diminution in value. Investments are reviewed at least annually for impairment. Where an indication of impairment exists, an assessment of the recoverable amount is performed. The recoverable amount is based on the greater of the investments continued value in use or its fair value less costs to sell.

Investments

Available-for-sale investments, being investments intended to be held for an indefinite period, are initially and subsequently measured at fair value. Fair value is assessed using an appropriate methodology.

Gains or losses arising from changes in fair value are included in other comprehensive income, except to the extent those losses are considered to represent a permanent impairment, in which case they are recognised in the income statement.

Upon disposal, accumulated fair value adjustments are recycled from reserves to the income statement.

LIBERTY INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Principal accounting policies (continued)

Impairment of assets

The company's assets are reviewed at each balance sheet date to determine whether events or changes in circumstances exist that indicate that their carrying amount may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Other payables

Other payables are recognised and subsequently measured at amortised cost.

Current/non-current classification

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption in, the course of the company's operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the company's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

Taxation

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method in respect of temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax bases.

Temporary differences are not provided on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that management believe it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset only when they relate to taxes levied by the same authority and the group intends to settle them on a net basis.

Tax is included in the income statement except when it relates to items recognised directly in other comprehensive income or equity, in which case the related tax is also recognised directly in other comprehensive income or equity.

LIBERTY INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Principal accounting policies (continued)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost

The directors' exercise judgement as to the collectability of trade receivables and determine if it is appropriate to impair these assets. Factors such as days past due, credit status of the counterparty and historical evidence of collection are considered

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with banks, whether restricted or unrestricted and other short-term liquid investments with original maturities of three months or less

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost

Derivative financial instruments

The group uses derivative financial instruments to manage exposure to foreign exchange risk. They are initially recognised on the trade date at fair value and subsequently re-measured at fair value based on market price

Changes in fair value are recognised directly in the income statement, except for the effective portion of gains or losses on derivative financial instruments designated as a hedge of net investment in foreign operations, in which case they are recognised in other comprehensive income. Where derivative financial instruments are designated as a fair value hedge, the relevant fair value movements on the hedged item are also taken to the income statement

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds

LIBERTY INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2. Finance income

	2012 £m	2011 £m
Interest receivable from group undertakings	<u>2.8</u>	<u>2.8</u>

3. Operating profit

The operating profit of £17.3 million (2011 £41.1 million) did not include any fees in respect of directors' remuneration or auditors' remuneration (2011 £nil). The directors' remuneration for services to the company has been borne by other entities that are part of the Intu Properties plc group. No deduction has been made for auditors' remuneration of £3,500 (2011 £3,500) which was settled on behalf of the company by the ultimate parent company, Intu Properties plc, and has not been recharged.

There were no employees during the year (2011 nil).

4. Taxation

Taxation for the year

	2012 £m	2011 £m
Current tax	0.8	(0.1)
Deferred tax	<u>0.8</u>	<u>2.1</u>
	<u>1.6</u>	<u>2.0</u>

LIBERTY INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

4. Taxation (continued)

The tax expense for the year is lower (2011 lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2012 £m	2011 £m
Profit before tax	<u>20.4</u>	<u>43.9</u>
Profit before tax multiplied by the standard rate of tax in the UK of 24.5% (2011 26.5%)	5.0	11.6
Effects of:		
Impairment movement on investments not subject to tax	(2.7)	(2.2)
Tax in respect of investments	(1.1)	1.0
Prior year deferred tax items	7.3	-
Loss on termination of derivatives - tax deductible	-	(2.2)
Transfer pricing	(1.1)	(1.2)
Dividends receivable	(0.9)	(1.7)
Losses unutilised/(utilised)	-	(5.0)
Group relief	0.5	0.5
Unrecognised deferred tax asset	(4.8)	1.2
Reduction in tax rate	<u>(0.6)</u>	<u>-</u>
Tax expense	<u>1.6</u>	<u>2.0</u>

5. Investment in group undertakings

	Cost £m	Accumulated impairment £m	Net £m
At 1 January 2011	455.4	(120.1)	335.3
Additions	43.0	-	43.0
Disposals	(103.1)	0.1	(103.0)
Impairment reversal	-	8.4	8.4
	<u>395.3</u>	<u>(111.6)</u>	<u>283.7</u>
At 31 December 2011	395.3	(111.6)	283.7
Impairment reversal	-	11.1	11.1
	<u>395.3</u>	<u>(100.5)</u>	<u>294.8</u>
At 31 December 2012	395.3	(100.5)	294.8

LIBERTY INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

5. Investment in group undertakings (continued)

Investments represent interests in the following principal group undertakings

Investments	Class of share capital	% Held
Liberty International Financial Services Limited (investment holding company)	Ordinary	100
Liberty International Group Treasury Limited (treasury management)	Ordinary	100
Kindmotive Limited (dormant)	Ordinary	100
Transol Investments Limited (dormant)	Ordinary	100
Intu Ventures Limited (investment holding company)	Ordinary	100
Intu Payments Limited (service company)	Ordinary	100

All of the above companies are incorporated and registered in England and Wales, unless otherwise stated

6. Other investments

	2012 £m	2011 £m
At 1 January	124.1	-
Additions	-	132.2
Revaluation	29.3	(7.9)
Foreign exchange	(6.6)	(0.2)
At 31 December	<u>146.8</u>	<u>124.1</u>

Additions in 2011 reflect an available-for-sale investment being the 11.35 million units acquired in the joint venture with Equity One Inc, a US retail REIT

In 2010 the company entered into an agreement with Equity One Inc, pursuant to which Equity One would acquire the company's interest in its US subsidiaries, through a joint venture. The transaction completed on 4 January 2011. Consideration consisted of 11.35 million units in the venture and 4.05 million shares in Equity One common stock which were issued to a wholly owned subsidiary of the company, resulting in a gain on disposal of £26.6 million in the year ended 31 December 2011.

LIBERTY INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

7. Trade and other receivables

	2012 £m	2011 £m
Amounts due from subsidiary undertakings	689 3	685 3
Amounts due from group undertakings	72 0	72 0
	<u>761 3</u>	<u>757 3</u>

Amounts due from subsidiary and group undertakings are unsecured and repayable on demand. Certain amounts are interest bearing, with interest receivable at an average of 0.5% during the year (2011: 0.5%).

8. Trade and other payables

	2012 £m	2011 £m
Amounts due to immediate parent	104 7	104 7
Amounts due to subsidiary undertakings	197 3	197 4
Other payables	0 1	0 1
	<u>302 1</u>	<u>302 2</u>

Amounts due to subsidiary undertakings are unsecured, non-interest bearing and payable on demand.

9. Derivative financial instruments

	Hedging instruments 2012 £m	Hedging instruments 2011 £m
Current		
Forward foreign exchange contracts	<u>-</u>	<u>(12 3)</u>

LIBERTY INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

10. Deferred tax provision

	Other investments £m	Tax losses £m	Total £m
At 31 December 2011	(5 0)	5 0	-
Recognised in the income statement	1 9	(2 7)	(0 8)
Recognised directly in other comprehensive income	<u>(5 6)</u>	<u>-</u>	<u>(5 6)</u>
At 31 December 2012	<u>(8 7)</u>	<u>2 3</u>	<u>(6 4)</u>

There are no unrecognised deferred tax assets at 31 December 2012. At 31 December 2011 there were unrecognised deferred tax assets of £4.8 million which were not recognised due to uncertainty about the timing and nature of future profits.

11. Called up share capital

	2012 £m	2011 £m
Issued, called up and fully paid		
356,170,839 (2011 356,170,839) ordinary shares of 50p each	<u>178 1</u>	<u>178 1</u>

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009. Under saving provisions, the current maximum number of shares which may be issued by the company is 620,000,000 ordinary shares of 50p.

12. Related party transactions

Significant balances outstanding between the company and other group companies are shown below.

	Amounts due to	
	2012 £m	2011 £m
Intu Properties plc	104 7	104 7
Transol Investments Limited	169 3	169 3
Kindmotive Limited	<u>27 8</u>	<u>27 8</u>
	Amounts owed by	
	2012 £m	2011 £m
Liberty International Group Treasury Limited	561 9	557 8
Liberty International Financial Services Limited	127 5	127 5
Conduit Insurance Holdings Limited	37 4	37 4
TAI Investments Limited	<u>34 6</u>	<u>34 6</u>

LIBERTY INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

12. Related party transactions (continued)

Significant transactions between the company and other group companies are shown below

Group company	Nature of transaction	2012 £m	2011 £m
Liberty International Group Treasury Limited	Interest receivable	2.8	2.8
Intu Ventures Limited	Capital contribution	-	43.0

13. Ultimate parent company

The ultimate parent company is Intu Properties plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT

LIBERTY INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14. Financial risk management

The company is exposed to a variety of risks arising from the company's operations, these are principally liquidity risk and credit risk

The majority of the company's financial risk management is carried out by Intu Properties plc's treasury department and the policies for managing each of these risks and the principal effects of these policies on the results for the year are summarised below

Market risk

Foreign exchange

Foreign exchange risk arises when recognised assets or liabilities are denominated in a functional currency other than sterling. It was previously group policy to eliminate partially the foreign exchange risk through hedging instruments and foreign currency denominated borrowings. The group no longer has operating subsidiaries located overseas with investments now being through associates and available for sale investments. As existing swaps matured the decision was taken not to renew these. As at 31 December 2012 no foreign exchange hedging arrangements were in place.

The table summarises the company's exposure to foreign currency risk

	2012 US\$m	2011 US\$m
Investments	238.6	192.9
Forward foreign exchange swaps	-	(140.0)
Net exposure	<u>238.6</u>	<u>52.9</u>

Sensitivity analysis – impact on company reserves

	2012 £m	2011 £m
10% appreciation in foreign exchange rates	16.3	3.8
10% depreciation in foreign exchange rates	(13.3)	(3.1)

Liquidity risk

Liquidity risk is managed to ensure that the company is able to meet future payment obligations when financial liabilities fall due. Liquidity analysis is conducted to ensure that sufficient headroom is available to meet the company's operational requirements and committed investments. The company treasury policy aims to meet this objective through maintaining adequate cash, marketable securities and committed facilities to meet these requirements. The company's policy is to seek to optimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk. In effect the company seeks to borrow for as long as possible at the lowest acceptable cost.

The tables below set out the maturity analysis of the company's financial liabilities based on the undiscounted contractual obligations to make payments of interest and to repay principal.

LIBERTY INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14. Financial risk management (continued)

Where interest payment obligations are based on a floating rate the rates used are those implied by the par yield curve

	2012
	Repayable within 1 year or on demand
	£m
Amounts due to immediate parent	(104 7)
Other financial liabilities	(0 1)
Amounts due to group undertakings	(197 3)
Derivatives payments	-
Derivative receipts	-
	<u>(302 1)</u>

	2011
	Repayable within 1 year or on demand
	£m
Amounts due to immediate parent	(104 7)
Amounts due to group undertakings	(197 4)
Other financial liabilities	(0 1)
Derivatives payments	(91 1)
Derivative receipts	80 1
	<u>(313 2)</u>

Credit risk

The credit risk relating to cash, deposits and derivative financial instruments is actively managed by the company's treasury department. Relationships are maintained with a number of tier one institutional counterparties, ensuring compliance with company policy relating to limits on the credit ratings of counterparties (between BBB+ and AAA)

Excessive credit risk is avoided through adhering to authorised limits for all counterparties

Classification of financial assets and liabilities

The table below sets out the company's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2012 and 31 December 2011

LIBERTY INTERNATIONAL HOLDINGS LIMITED

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14. Financial risk management (continued)

	Carrying value £m	Fair value £m	Profit to income statement £m	Gain / (loss) to other comprehensive income £m
2012				
Other investments	146 8	146 8	-	29 3
Total available-for-sale investments	146 8	146 8	-	29 3
Trade and other receivables	761 3	761 3	-	-
Cash and cash equivalents	0 1	0 1	-	-
Total cash and receivables	761 4	761 4	-	-
Derivative financial instrument liabilities	-	-	0 3	-
Total held for trading liabilities	-	-	0 3	-
Trade and other payables	(302 1)	(302 1)	-	-
Total loans and payables	(302 1)	(302 1)	-	-
	Carrying value £m	Fair value £m	Profit to income statement £m	Gain / (loss) to other comprehensive Income £m
2011				
Other investments	124 1	124 1	-	(7 9)
Total available-for-sale investments	124 1	124 1	-	(7 9)
Trade and other receivables	757 3	757 3	-	-
Cash and cash equivalents	0 1	0 1	-	-
Total cash and receivables	757 4	757 4	-	-
Derivative financial instrument liabilities	(12 3)	(12 3)	-	-
Total held for trading liabilities	(12 3)	(12 3)	-	-
Trade and other payables	(302 2)	(302 2)	-	-
Total loans and payables	(302 2)	(302 2)	-	-

The company's available for sale investments are held at fair value. These financial assets and liabilities are categorised as level 2 in the fair value hierarchy as explained below. In 2011, the company held foreign exchange contracts which were held at fair value and were used as hedging instruments.

LIBERTY INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14. Financial risk management (continued)

Fair value hierarchy

- Level 1 valuation based on quoted market prices traded in active markets
- Level 2 valuation techniques are used, maximising the use of observable market data, either directly from market prices or derived from market prices
- Level 3 where one or more inputs to valuation are not based on observable market data. Valuations at this level are more subjective and therefore more closely managed, including sensitivity analysis of inputs to valuation models. Such testing has not indicated that any material difference would arise due to a change in input variables

15. Other reserves

	Capital redemption £m	Hedging reserve £m	Translation reserve £m	Revaluation reserve £m	Total £m
At 1 January 2011	20.0	-	-	-	20.0
Revaluation of other investments	-	-	-	(7.9)	(7.9)
Exchange differences	-	-	(0.2)	-	(0.2)
Tax on items taken directly to other comprehensive income	-	-	-	2.1	2.1
At 31 December 2011	20.0	-	(0.2)	(5.8)	14.0
Revaluation of other investments	-	-	-	29.3	29.3
Exchange differences	-	2.9	(6.6)	-	(3.7)
Tax on items taken directly to other comprehensive income	-	-	-	(5.6)	(5.6)
At 31 December 2012	20.0	2.9	(6.8)	17.9	34.0