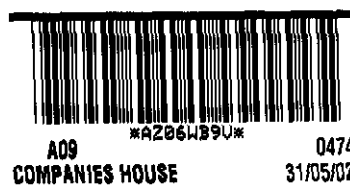


CSC LAKESIDE LIMITED
(Formerly Hackremco (No. 1778) Limited)

REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 2001

Company number 4144192



CSC Lakeside Limited

REPORT AND ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2001

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CSC Lakeside Limited
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2001

The Directors have pleasure in submitting their report and accounts for the period from 19 January 2001 to 31 December 2001.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the ownership, management and development of Lakeside Shopping Centre, Thurrock.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Company was incorporated on 19 January 2001 as Hackremco (No. 1778) Limited and subsequently changed its name to CSC Lakeside Limited on 14 February 2001. As the Company is newly incorporated there are no comparative figures shown in these accounts for a previous period.

The Company commenced its activities on 25 March 2001 as set out in note 6 on page 10.

The Company's results and financial position for the period ended 31 December 2001 are set out in full in the profit and loss account on page 4, the balance sheet on page 5, and the notes relating thereto.

Both the level of business during the period and the end of period financial position were satisfactory. Profit on ordinary activities before taxation was £15,641,609. Shareholders' funds have decreased from £1 at incorporation to £(5,457,303) at 31 December 2001 as a result of a temporary deficit arising on the revaluation of investment property due to capital expenditure in the year.

The Directors expect that the present level of activity will continue for the foreseeable future.

CREDITOR PAYMENT

The company follows the same policy for creditor payments as its parent company, Capital Shopping Centres PLC ("CSC"). The majority of trade creditors are paid in accordance with the CBI's Prompt Payers Code. For other suppliers, the Company's policy is to agree terms with suppliers for each transaction, to ensure the terms are stated in contracts and to pay in accordance with these terms. The ratio, expressed in days, between the amounts invoiced to the Company in the period and its trade creditors as at 31 December 2001 was 3.5 days as calculated in accordance with the requirements of the Companies Acts.

DIVIDENDS

The Directors propose a dividend of £15,641,609 per ordinary share. The amount to be transferred to reserves is £nil.

DIRECTORS

J G Abel	(appointed 26.3.2001)
P C Badcock	(appointed 26.3.2001)
R M Cable	(appointed 26.3.2001)
K E Chaldecott	(appointed 26.3.2001)
D A Fischel	(appointed 26.3.2001)

CSC Lakeside Limited
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2001

DIRECTORS (CONTINUED)

A C Smith (appointed 3.5.2001)

Hackwood Directors Limited (appointed 19.1.2001; resigned 26.3.2001)

D R Leslie (appointed 26.3.2001; resigned 27.3.2001)

DIRECTORS' INTERESTS

During the year no Director held a disclosable interest in the shares of the Company. The interests of the Directors who are also Directors of Liberty International PLC and their families, in the share capital of other group Companies, are disclosed in the notes of the Annual Report and Accounts of that Company. The interests of the remaining Directors (i.e. excluding those Directors who are also Directors of Liberty International PLC) and their families in the share capital of other group Companies are shown in the financial statements of the immediate holding company Capital Shopping Centres PLC.

FIXED ASSETS

The movements in properties during the year are set out in note 6 on page 10.

DIRECTORS' RESPONSIBILITIES

The Directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss and total recognised gains or losses of the Company for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 December 2001. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

AUDITORS

PricewaterhouseCoopers were appointed as auditors on 26 March 2001. An elective resolution under Section 386 of the Companies Act 1985 was passed on 28 December 2001 dispensing with the obligation to reappoint auditors annually.

By order of the Board



S Folger
Secretary
12 February 2002

CSC Lakeside Limited

Independent Auditors' Report

Independent auditor's report to the members of CSC Lakeside Limited

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements. United Kingdom auditing standards issued by the Auditing Practises board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you, if in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report, the directors' interests, and the directors' responsibilities.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practises Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures of the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
London

12 February 2002

CSC Lakeside Limited
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001

		Period to 31 December 2001 £
Continuing operations	Notes	
Turnover	1	<u>41,840,528</u>
Property investment income	1	32,719,647
Administrative expenses		(1,176,748)
Net interest	2	<u>(15,901,290)</u>
Profit on ordinary activities before taxation	3	15,641,609
Taxation on profit on ordinary activities	4	<u>-</u>
Profit on ordinary activities after taxation		15,641,609
Dividends on equity shares	5	<u>(15,641,609)</u>
Retained profit for the period		<u>-</u>

The notes on pages 7 to 12 form part of these financial statements.

CSC Lakeside Limited**BALANCE SHEET****AS AT 31 DECEMBER 2001**

		31 December 2001 £
	Notes	
Fixed assets		
Tangible assets:		
Investment properties	6	<u>900,000,000</u>
Current assets		
Debtors	7	157,693,730
Cash at bank and in hand		<u>18,766,757</u>
		176,460,487
Creditors: amounts falling due within one year	8	<u>(636,372,654)</u>
Net current liabilities		<u>(459,912,167)</u>
Total assets less current liabilities		440,087,833
Creditors: amounts falling due after more than one year:		
Bank loan	9	<u>(445,545,136)</u>
Net liabilities		<u>(5,457,303)</u>
Capital and reserves		
Share capital	10	1
Revaluation reserve	11	(5,457,304)
Profit and loss account		<u>-</u>
Equity shareholders' funds		<u>(5,457,303)</u>

The notes on page 7 to 12 form part of these financial statements.

Approved by the Board on 12 February 2002

J G ABEL

)

) DIRECTORS

P C BADCOCK

)

CSC Lakeside Limited

Statement of Total Recognised Gains and Losses For the period ended 31 December 2001

	Period ended 31 December 2001 £
Profit on ordinary activities after taxation	
Unrealised deficit on revaluation of properties	15,641,609
	<u>(5,457,304)</u>
Total recognised gains for the period	<u>10,184,305</u>

Reconciliation of Movements in Shareholders' Funds For the period ended 31 December 2001

	Period ended 31 December 2001 £
Opening shareholders' funds	1
Total recognised gains for the period	10,184,305
Dividends on equity shares	<u>(15,641,609)</u>
Closing shareholders' funds	<u>(5,457,303)</u>

Historical Cost Profits For the period ended 31 December 2001

There is no difference between the profit on ordinary activities before tax and the retained profit for the period, and their historical cost equivalents.

CSC Lakeside Limited

Principal accounting policies

The principal accounting policies which have been adopted in the preparation of the accounts are set out below:

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost convention as modified by the revaluation of properties as described below.

Completed investment Properties

Completed investment properties are professionally valued on an open market basis by external valuers at the balance sheet date. Surpluses and deficits arising during the year are reflected in the revaluation reserve. Impairments in the value of a completed investment property are charged in the profit and loss account after utilising any surplus in the revaluation reserve relating to the property.

Depreciation

In accordance with Statement of Standard Accounting Practice 19, no depreciation is provided in respect of freehold or long leasehold investment properties including integral plant. The requirement of the Companies Act 1985 is to depreciate all properties but that requirement conflicts with the generally accepted principles set out in Statement of Standard Accounting Practice 19. The Directors consider that, as these properties are held for investment, to depreciate them would not give a true and fair view and it is necessary to adopt Statement of Standard Accounting Practice 19 for the accounts to show a true and fair view.

The financial effect of the departure from the Act cannot reasonably be quantified as depreciation is only one of the many factors reflected in the annual valuation of properties so the amount which might otherwise have been charged cannot be separately identified or quantified.

Deferred taxation

Deferred taxation is provided, to the extent that it is probable that a liability will crystallise, on the liability method on short-term timing differences, including the difference between capital allowances on assets subject to depreciation and the depreciation charged in the accounts and on chargeable capital gains and related balancing charges on those investments and investment properties earmarked for sale at the date of the accounts. No deferred tax is provided on capital allowances in respect of assets not subject to depreciation. The potential amount of taxation which would be payable if such assets were disposed of in such a way as to generate balancing charges is disclosed in note 4 to the accounts.

No provision is made for the contingent taxation liability arising in respect of valuation surpluses on investments held for the long term where disposal is not contemplated in the foreseeable future. The potential amount of taxation which would be payable if all such surpluses were to be realised is disclosed in note 4 to the accounts.

Cash flow statement

The Company is a wholly owned subsidiary of Capital Shopping Centres PLC which in turn is a wholly owned subsidiary of Liberty International PLC. The cash flows of the Company are included in the consolidated cash flow statement of Liberty International PLC. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 (Revised) from publishing a cash flow statement.

CSC Lakeside Limited

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 DECEMBER 2001

1. Turnover and property investment income

Turnover, all of which arose in the United Kingdom from continuing operations, consists of gross rental income from properties together with sales and services in the ordinary course of business, excluding sales of investment properties and internal transactions. In the opinion of the Directors, the company carries on only one class of business exclusively in the United Kingdom.

	£
Rents receivable	34,126,613
Service charge and other income	<u>7,713,915</u>
Turnover	41,840,528
Outgoings	<u>(9,120,881)</u>
Property investment income	<u>32,719,647</u>

2. Net interest

	£
Interest payable on loans:	
Bank loan	8,860,734
Amounts due to fellow subsidiary	5,457,304
Miscellaneous financing costs	<u>1,583,558</u>
	15,901,596
Less: interest receivable – other	<u>(306)</u>
	<u>15,901,290</u>

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation of £15,641,609 is arrived at after charging:

	£
Auditors' remuneration	3,000
Directors' remuneration	nil

There were no employees in the Company during the period.

CSC Lakeside Limited

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 DECEMBER 2001 (CONTINUED)

4. Taxation of profits on ordinary activities

(a) Current taxation charge

The tax charge for the period is nil because of group relief surrendered free of charge by the parent company.

	£
Corporation tax at 30%	6,329,674
Group relief	<u>(6,329,674)</u>
	<u>-</u>

(b) Deferred taxation charge

FRS19 "Deferred Tax" becomes effective for accounting periods ending on or after 23 January 2002. The group has not opted for early adoption of this standard. The potential amount of taxation which could become payable if all relevant assets were disposed of so as to create balancing charges would be £15.2 million. If this liability were to be discounted for an appropriate period, this figure would be reduced to £5.7 million. The taxation charge for 2001 would be £1.0 million higher were the potential liability to be provided in full at 31 December 2001 (if discounted, £0.4 million). At 31 December 2001 a provision of £105.5 million would be required if contingent deferred taxation were to be provided in respect of all revaluation surpluses.

5. Dividends

Equity:

Final proposed ordinary dividend of £15,641,609
per share

£
<u>15,641,609</u>

CSC Lakeside Limited

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 DECEMBER 2001 (CONTINUED)

6. Investment properties

	Freehold £
Completed properties at valuation:	
At 19 January 2001	-
Acquisition	900,000,000
Additions	5,457,304
Deficit	<u>(5,457,304)</u>
At 31 December 2001	<u>900,000,000</u>

Completed properties represent Lakeside Shopping Centre, Thurrock, acquired on 15 April 2001, for a consideration of £900.0 million, from CSC Properties Limited, a fellow subsidiary. The purchase agreement included the entitlement to all net income from the centre from 25 March 2001.

The Lakeside Shopping Centre was valued at 31 December 2001 by external valuers, DTZ Debenham Thorpe Tie Leung Limited, on the basis of Open Market Value, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors, gross of purchaser's costs.

The historic cost of completed properties is £905.5 million.

In accordance with the Company's accounting policy and Statement of Standard Accounting Practice 19, no depreciation has been charged in respect of investment properties. This departure from the Companies Act 1985 has been made to give a true and fair view; the effect of this departure has not been quantified because it is impracticable and, in the opinion of the Directors, would be misleading.

7. Debtors

	£
Amounts due from parent undertakings	146,795,802
Amounts due from fellow subsidiaries	99,605
Rents receivable	2,573,642
Other debtors	281,844
Prepayments and accrued income	<u>7,942,837</u>
	<u>157,693,730</u>

CSC Lakeside Limited

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

8. Creditors: amounts falling due within one year

	£
Amounts due to fellow subsidiary	598,780,233
Trade creditors	67,342
Rents receivable in advance	10,650,985
Other taxation and social security	1,770,615
Other creditors	1,658,912
Accruals and deferred income	7,802,958
Dividends payable	15,641,609
	<u>636,372,654</u>

Amounts due to fellow subsidiary are unsecured and subordinated to the bank loan (note 9).

Interest has been charged at a rate of 7 per cent per annum on amounts due to a fellow subsidiary. The total interest payable amounted to £29,418,928 of which £23,961,624 has been waived.

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

	£
Bank loan due 2011	<u>445,545,136</u>

On 18 July 2001 the Company entered into a £550,000,000 loan and revolving facility agreement secured on Lakeside Shopping Centre, Thurrock for a ten year term. The loan is stated at the fair value of the consideration received after deduction of unamortised costs of £4,454,864. Amounts due to fellow subsidiary are subordinate to the bank loan.

10. Share capital

	£
Ordinary shares of £1 each:	
Authorised	<u>100</u>
Allotted, called up and fully paid	<u>1</u>

11. Revaluation reserve

	£
At 31 December 2000	-
Revaluation deficit on investment properties (note 6)	<u>(5,457,304)</u>
At 31 December 2001	<u>(5,457,304)</u>

CSC Lakeside Limited

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

12. Related party transactions

The Company is a wholly owned subsidiary of a group whose consolidated financial statements are publicly available and therefore, has not disclosed related party transactions in accordance with the exemption under the terms of Financial Reporting Standard No. 8.

13. Ultimate parent company

The immediate holding company is Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose accounts are available from the Company Secretary, 40 Broadway, London, SW1H 0BU. The ultimate holding Company is Liberty International PLC, a Company incorporated and registered in England and Wales, copies of whose accounts may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BU.