

CSC LAKESIDE LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

Company number 4144192

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CSC LAKESIDE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors submit their report and accounts for the year ended 31 December 2007

BUSINESS REVIEW

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

The company's results and financial position for the year ended 31 December 2007 are set out in full in the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds and the notes relating thereto

Both the level of business during the year and the year end financial position were as expected Profit/(loss) on ordinary activities before taxation was £4.1 million (2006 (£2.0) million) Shareholders' funds at 31 December 2007 were £401.5 million (2006 £454.1 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 As the company's ultimate parent company is Liberty International 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 on page 18 of the group financial statements

DIVIDENDS

The directors do not recommend a dividend for the year (2006 £nil)

GOING CONCERN

The company relies on the future support of Capital Shopping Centres PLC to operate as a going concern This support has been received as set out in note 7

CREDITOR PAYMENT

The company follows the same policy for creditor payments as its ultimate parent company, Liberty International PLC 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 those terms The ratio, expressed in days, between the amounts invoiced to the company in the year and its trade creditors as at 31 December 2007 was nil days as calculated in accordance with the requirements of the Companies Acts (2006 nil days)

FIXED ASSETS

The movements in fixed assets are set out in note 5

CSC LAKESIDE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS IN THE YEAR

J Ainsley	appointed 1 March 2007
M Breeden	appointed 1 March 2007
R M Cable	
K E Chaldecott	
M D Ellis	
D A Fischel	
K Grant	appointed 1 March 2007
C Kirby	
T Pereira	appointed 13 November 2007
A C Smith	resigned 31 March 2008
P Wardle	appointed 1 March 2007

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985. 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.

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.

CSC LAKESIDE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

AUDITORS

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 laying of annual accounts before the company in general meeting and 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



**S Folger
Secretary**

31 July **2008**

CSC LAKESIDE LIMITED

INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the members of CSC Lakeside Limited

We have audited the financial statements of CSC Lakeside Limited for the year ended 31 December 2007 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

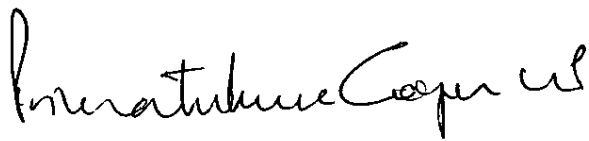
CSC LAKESIDE LIMITED

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

31 JULY 2008

CSC LAKESIDE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £m	2006 £m
Continuing operations			
Turnover	1	<u>69 2</u>	<u>65 0</u>
Net property investment income	1	57 3	54 9
Administrative expenses		<u>(2 6)</u>	<u>(2 3)</u>
Operating profit		54 7	52 6
Interest payable	2	<u>(50 6)</u>	<u>(54 6)</u>
Profit/(loss) on ordinary activities before taxation	3	4 1	(2 0)
Taxation on profit/(loss) on ordinary activities	4	<u>(0 6)</u>	<u>(6 2)</u>
Retained profit/(loss) for the financial year		<u>3 5</u>	<u>(8 2)</u>

There is no difference between the loss on ordinary activities before taxation and the profit/(loss) for the year and their historical cost equivalents

The notes on pages 9 to 15 form part of these financial statements

CSC LAKESIDE LIMITED

BALANCE SHEET AT 31 DECEMBER 2007

	Notes	2007 £m	2006 £m
Fixed assets			
Investment properties	5	<u>1,248 3</u>	<u>1,298 6</u>
Current assets			
Debtors	6	14 7	12 9
Cash at bank and in hand		<u>5 5</u>	<u>0 6</u>
		20 2	13 5
Creditors: amounts falling due within one year	7	<u>(216 6)</u>	<u>(195 6)</u>
Net current (liabilities)		<u>(196 4)</u>	<u>(182 1)</u>
Total assets less current liabilities		1,051 9	1,116 5
Creditors: amounts falling due after more than one year	8	<u>(650 4)</u>	<u>(662 4)</u>
Net assets		<u>401 5</u>	<u>454 1</u>
Capital and reserves			
Share capital	9	196 0	196 0
Revaluation reserve	10	294 1	350 2
Profit and loss account	10	<u>(88 6)</u>	<u>(92 1)</u>
Equity shareholders' funds		<u>401 5</u>	<u>454 1</u>

The notes on pages 9 to 15 form part of these financial statements

Approved by the Board on 31 July 2008 and signed on its behalf by



K E Chaldecott
Director



D A Fischel
Director

CSC LAKESIDE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 £m	2006 £m
Profit/(loss) for the financial year	3 5	(8 2)
(Decrease)/increase in valuation of investment properties	<u>(56 1)</u>	<u>125 7</u>
Total recognised gains and losses for the year	<u>(52 6)</u>	<u>117 5</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 £m	2006 £m
Opening shareholders' funds	454 1	140 6
Total recognised gains and losses for the year	(52 6)	117 5
Issue of ordinary share capital	<u>-</u>	<u>196 0</u>
Closing shareholders' funds	<u>401 5</u>	<u>454 1</u>

The notes on page 9 to 15 form part of these financial statements

CSC LAKESIDE LIMITED

PRINCIPAL ACCOUNTING POLICIES

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

Basis of accounting

The financial statements are prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom on the going concern basis and under the historical cost convention as modified by the revaluation of properties as described below

Completed investment property

Completed investment properties are professionally valued on a market value basis by external valuers at the balance sheet date. Surpluses and deficits arising during the year are reflected in the revaluation reserve

Investment property under development

Investment properties under development are included in the balance sheet at cost. Provision is made where necessary for any anticipated valuation deficiencies arising on completion. Cost includes interest and other attributable outgoings. On completion investment properties under development are transferred to completed investment properties

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 (long leasehold investment properties for this purpose comprise leases with more than 20 years unexpired). The requirement of the Companies Act 1985 is to depreciate all properties but that requirement conflicts with the generally accepted accounting 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

Turnover

Turnover consists of gross rental income calculated on an accruals basis, together with sales and services in the ordinary course of business, excluding sales of investment properties. In accordance with UITF 28, rental income receivable in the period from lease commencement to the earlier of the first market rent review and the lease end date is spread evenly over that period. Any incentive for lessees to enter into a lease agreement is spread over the same period

Taxation

The charge for current taxation is based on the results for the year as adjusted for items that are non-assessable or disallowed, 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 for timing differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not discounted and 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. Tax is recognised in the income statement except when it relates to items credited or charged directly to equity, in which case the tax is also dealt with in equity

CSC LAKESIDE LIMITED

PRINCIPAL ACCOUNTING POLICIES

Debt instruments

Debt instruments are stated at their net issue proceeds adjusted for amortisation of issue costs

Cash flow statement

The company is not required to produce a statement of cash flows under Financial Reporting Standard 1 (Revised 1996) as it is a wholly owned subsidiary of Liberty International PLC and the cash flows of the company are included in the consolidated financial statements of the ultimate parent company, which are publicly available

Related party transactions

The company is ultimately wholly owned by Liberty International PLC, whose consolidated financial statements are publicly available, and therefore the company is exempt under the terms of Financial Reporting Standard 8 from disclosing details of transactions with related parties who are members or investees of the Liberty International PLC group

CSC LAKESIDE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. Turnover and net property investment income

Turnover arose in the United Kingdom from continuing operations and in the opinion of the directors the company carries on only one class of business

	2007 £m	2006 £m
Rents receivable	58 1	55 1
Service charge and other income	11 1	9 9
Turnover	<u>69 2</u>	<u>65 0</u>
Outgoings	<u>(11 9)</u>	<u>(10 1)</u>
Net property investment income	<u>57 3</u>	<u>54 9</u>

The directors believe that the nature of the company's business is such that the analysis of costs required by the Companies Act 1985 is not appropriate. As required by the Act the directors have therefore adopted the above format so that costs are disclosed in a manner appropriate to the company's principal activity.

2. Interest payable

	2007 £m	2006 £m
Interest payable		
Bank loan	40 7	31 8
Amounts due to group undertakings	11 0	18 3
Miscellaneous financing costs	<u>(0 6)</u>	<u>4 5</u>
	51 1	54 6
Less interest capitalised	<u>(0 5)</u>	<u>-</u>
Net interest	<u>50 6</u>	<u>54 6</u>

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation of £4.1 million (2006 loss £2.0 million) is arrived at after charging

	2007 £	2006 £
Auditors' remuneration – audit services	15,000	15,000
Directors' remuneration	nil	nil

There were no employees during the year (2006 nil)

CSC LAKESIDE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

4. Taxation

(a) Taxation charge for the financial year

The differences between the taxation charged for the year and the current standard rate of United Kingdom corporation tax (30%) are shown below

	2007 £m	2006 £m
Profit/(loss) on ordinary activities before Taxation	<u>4.1</u>	<u>(2.0)</u>
Current United Kingdom corporation tax at 30% (2006 30%)	1.2	(0.6)
Effects of		
Prior year items	-	(0.3)
Capital allowances	(0.8)	(0.8)
Expenses disallowed net of capitalised interest	(0.1)	-
Transfer pricing adjustment	0.5	0.5
Group relief	0.8	1.2
REIT exemption	(1.6)	-
REIT entry charge	<u>0.6</u>	<u>25.9</u>
Total current taxation	<u>0.6</u>	<u>25.9</u>
Deferred taxation	<u>-</u>	<u>(19.7)</u>
Taxation on ordinary activities	<u>0.6</u>	<u>6.2</u>

(b) Factors affecting future tax charge

The ultimate parent company became a REIT with effect from 1 January 2007, and consequently the majority of the company's profits should not be subject to UK corporation tax

The conversion to a REIT on 1 January 2007 resulted in the reversal of the deferred tax in respect of capital allowances previously included in the company's balance sheet, and the provision for the payment of the entry charge

CSC LAKESIDE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

5. Investment property

Completed properties at independent valuation	Freehold £m
At 31 December 2006	1,298.6
Additions	5.8
Deficit on valuation	<u>(56.1)</u>
At 31 December 2007	<u>1,248.3</u>

The company's interests in investment and development properties were valued at 31 December 2007 by independent, RICS qualified external valuers in accordance with the Appraisal and Valuation Manual of RICS, on the basis of market value. Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller.

The historic cost of completed investment properties was £954.2 million (2006 £948.4 million). In accordance with the company's accounting policy and Statement of Standard Accounting Practice 19, no depreciation has been charged in respect of the freehold or long leasehold investment properties. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

Completed properties represent Lakeside Shopping Centre, Thurrock.

6. Debtors

	2007 £m	2006 £m
Rents receivable	5.1	3.3
Corporation tax recoverable	-	1.0
Other debtors	0.4	0.3
Prepayments and accrued income	<u>9.2</u>	<u>8.3</u>
	<u>14.7</u>	<u>12.9</u>

Amounts due from group undertakings are unsecured, interest free and repayable on demand. The company has given an undertaking that amounts due from group undertakings will not be requested to be paid unless sufficient funds are available in the group undertakings to repay all other creditor balances.

CSC LAKESIDE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

7. Creditors: amounts falling due within one year

	2007 £m	2006 £m
Bank loan due 2011 (note 8)	6.8	5.5
Amounts due to immediate parent company	176.3	161.1
Other taxation and social security	3.1	2.3
Other creditors	7.9	4.1
Rents receivable in advance	15.0	14.0
Accruals and deferred income	7.5	8.6
	<u>216.6</u>	<u>195.6</u>

Amounts due to the immediate parent company and group undertakings are unsecured, repayable on demand and subordinated to the bank loan (note 8). Interest on amounts due to group undertakings has been charged at a rate of 6.5 per cent per annum (2006 6.5%) and the total interest payable amounted to £11.0 million (2006 £18.3 million).

The immediate parent company and group undertakings have given an undertaking that repayment of amounts owing to them will not be demanded in priority to any other liabilities of the company and unless appropriate funds are available to repay the liabilities and meet the terms of all other creditors.

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

	2007 £m	2006 £m
Bank loan due 2011 (note 7)	633.7	639.7
Other creditors	16.7	22.7
	<u>650.4</u>	<u>662.4</u>

The loan is stated at the fair value of the consideration received after deduction of unamortised costs of £0.7 million (2006 £0.9 million). Amounts due to the immediate parent company and group undertakings are subordinate to the bank loan.

9. Share capital

	2007 £	2006 £
Authorised		
196,500,000 ordinary shares of £1 each	<u>196,500,000</u>	<u>196,500,000</u>
Issued, called up and fully paid		
196,044,100 ordinary share of £1 each	<u>196,044,100</u>	<u>196,044,100</u>

CSC LAKESIDE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

10. Reserves

	Revaluation reserve £m	Profit and loss account £m	Total £m
At 31 December 2006	350.2	(92.1)	258.1
Retained profit for the financial year	-	3.5	3.5
Decrease in valuation of investment properties	(56.1)	-	(56.1)
At 31 December 2007	<u>294.1</u>	<u>(88.6)</u>	<u>205.5</u>

11. Capital commitments

	2007 £m	2006 £m
At 31 December the estimated amounts of commitments for future capital expenditure were		
Contracted but not provided for	<u>6.0</u>	<u>6.0</u>

12. Ultimate parent company

The ultimate parent 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 0BT. The immediate parent company is Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose accounts may be obtained as above.