

CSC LAKESIDE LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2008

Company number 4144192

THURSDAY



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CSC LAKESIDE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The directors submit their report and accounts for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

The company's results and financial position for the year ended 31 December 2008 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 Shareholder funds and the notes relating thereto.

Both the level of business during the year and the year end financial position deteriorated due to the difficult conditions throughout the UK property industry, which resulted in significant reductions in property values and increased levels of tenants entering administration. This is reflected in the profit on ordinary activities before taxation of £0.2 million, compared with a profit of £4.1 million for the previous year. Property valuation decreases amounted to £276.6 million (2007 £56.1 million). Shareholder funds at 31 December 2008 were £124.5 million, a reduction of £277.0 million from the 31 December 2007 figure of £401.5 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.

As the company's ultimate parent company is Liberty International PLC, the company faces largely those risks and uncertainties facing the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements. In addition, there are certain risks and uncertainties specific to the company, which are disclosed in the basis of preparation section of note 1.

DIVIDENDS

The directors do not recommend a dividend for the year (2007 £nil).

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 Better Payment Practice 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 2008 was nil days as calculated in accordance with the requirements of the Companies Acts (2007 nil days).

FIXED ASSETS

The movements in fixed assets are set out in note 6.

CSC LAKESIDE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

DIRECTORS IN THE YEAR

J Ainsley	resigned 31 March 2009
M Breeden	resigned 31 March 2009
R M Cable	resigned 31 October 2008
K E Chaldecott	
M D Ellis	resigned 31 March 2009
D A Fischel	
K Grant	resigned 31 March 2009
C Kirby	
T Pereira	resigned 31 March 2009
A C Smith	resigned 31 March 2008
P Wardle	resigned 9 June 2008
L Woodhouse	appointed 3 November 2008

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; and
- 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 2008

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 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
18 June 2009

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 2008 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholder 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.

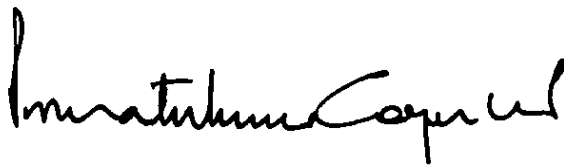
CSC LAKESIDE LIMITED

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 2008 and of its loss 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
18 June 2009

CSC LAKESIDE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £m	2007 £m
Continuing operations			
Turnover	2	<u>64.3</u>	<u>69.2</u>
Net property investment income	2	53.4	57.3
Administrative expenses		<u>(3.0)</u>	<u>(2.6)</u>
Operating profit		50.4	54.7
Interest payable	3	<u>(50.2)</u>	<u>(50.6)</u>
Profit on ordinary activities before taxation	4	0.2	4.1
Taxation on (loss)/profit on ordinary activities	5	<u>(0.6)</u>	<u>(0.6)</u>
(Loss)/profit for the financial year		<u>(0.4)</u>	<u>3.5</u>

There is no difference between the profit on ordinary activities before taxation and the profit 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 2008

	Notes	2008 £m	2007 £m
Fixed assets			
Investment properties	6	<u>973.4</u>	<u>1,248.3</u>
Current assets			
Debtors	7	11.5	14.7
Cash at bank and in hand		<u>2.4</u>	<u>5.5</u>
		13.9	20.2
Creditors: amounts falling due within one year	8	<u>(228.8)</u>	<u>(216.6)</u>
Net current liabilities		<u>(214.9)</u>	<u>(196.4)</u>
Total assets less current liabilities		758.5	1,051.9
Creditors: amounts falling due after more than one year	9	<u>(634.0)</u>	<u>(650.4)</u>
Net assets		<u>124.5</u>	<u>401.5</u>
Capital and reserves			
Share capital	10	196.0	196.0
Revaluation reserve	11	17.5	294.1
Profit and loss account	11	<u>(89.0)</u>	<u>(88.6)</u>
Equity Shareholder funds		<u>124.5</u>	<u>401.5</u>

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

Approved by the Board on 18 June 2009 and signed on its behalf by



K E Chaldecott
Director



L Woodhouse
Director

CSC LAKESIDE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 £m	2007 £m
(Loss)/profit for the financial year	(0.4)	3.5
Decrease in valuation of investment properties	<u>(276.6)</u>	<u>(56.1)</u>
Total recognised losses for the year	<u>(277.0)</u>	<u>(52.6)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER FUNDS FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 £m	2007 £m
Opening Shareholder funds	401.5	454.1
Total recognised losses for the year	<u>(277.0)</u>	<u>(52.6)</u>
Closing Shareholder funds	<u>124.5</u>	<u>401.5</u>

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

CSC LAKESIDE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. Principal accounting policies

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

Basis of preparation

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

The company's activities have been affected by the markedly more adverse UK financial and economic background. In particular the company's future *development and performance* is likely to be affected by the heightened risk of a potential breach of the financial covenant on the company's bank loan if there are further reductions in net rental income and commercial property values. A further risk that the company faces is that the company's immediate parent company, Capital Shopping Centres PLC, may request settlement of the balance due to it.

To mitigate the risk of a potential breach of the financial covenant, the company may discuss any potential breach with lenders. This could result in a re-negotiation or possible waiving of the covenant. Potential covenant breaches can be rectified by a number of remedies such as additional security, temporary cash deposit or partial repayment before an event of default occurs. In addition, the directors have considered the level of financial support that may be made available to the company by its parent, Capital Shopping Centres PLC, to mitigate the risks that the company faces. One factor the directors took into account in this assessment were the consolidated financial statements of Capital Shopping Centres PLC for the year ended 31 December 2008, which were prepared on a going concern basis.

As a consequence, the directors believe that the company is able to manage the business risks it faces despite the difficult conditions in the UK property market.

The directors have therefore concluded, based on the cash flow projections they have prepared, that there is a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis

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.

CSC LAKESIDE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. Principal accounting policies (continued)

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.

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 2008

2. 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.

	2008 £m	2007 £m
Rents receivable	55.9	58.1
Service charge and other income	8.4	11.1
Turnover	<u>64.3</u>	<u>69.2</u>
<i>Outgoings</i>	<u>(10.9)</u>	<u>(11.9)</u>
Net property investment income	<u>53.4</u>	<u>57.3</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.

3. Interest payable

	2008 £m	2007 £m
Interest payable		
Bank loan	39.5	40.1
Amounts due to group undertakings	<u>10.7</u>	<u>11.0</u>
	50.2	51.1
Less: interest capitalised	<u>-</u>	<u>(0.5)</u>
Interest payable	<u>50.2</u>	<u>50.6</u>

4. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation of £0.2 million (2007 profit £4.1 million) is arrived at after charging:

	2008 £	2007 £
Auditors' remuneration – audit services	nil	15,000
Directors' remuneration	nil	nil

Audit fees for 2008 were settled by the company's parent entity.

There were no employees during the year (2007 nil).

CSC LAKESIDE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

5. 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 (28.5%) (2007 30%) are shown below:

	2008 £m	2007 £m
Profit on ordinary activities before Taxation	<u>0.2</u>	<u>4.1</u>
Current United Kingdom corporation tax	0.1	1.2
Effects of:		
Capital allowances	(0.4)	(0.8)
Expenses disallowed net of capitalised interest	-	(0.1)
Transfer pricing adjustment	1.4	0.5
Group relief	0.5	0.8
REIT exemption	(1.6)	(1.6)
REIT entry charge	<u>0.6</u>	<u>0.6</u>
Taxation on ordinary activities	<u>0.6</u>	<u>0.6</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 provision for the payment of the entry charge.

CSC LAKESIDE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

6. Investment property

Completed properties at independent valuation	Freehold £m
At 31 December 2007	1,248.3
Additions	1.7
Deficit on valuation	<u>(276.6)</u>
At 31 December 2008	973.4
Amounts shown within prepayments in respect of lease incentives	<u>(2.4)</u>
Market value	<u>971.0</u>

The property was valued at 31 December 2008 by external valuers, DTZ Debenham Thorpe Tie Leung Limited, in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards 6th Edition, 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 £955.9 million (2007 £954.2 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.

7. Debtors

	2008 £m	2007 £m
Rents receivable	3.1	5.1
Amount due from group company	1.3	-
Other debtors	0.1	0.4
Prepayments and accrued income	<u>7.0</u>	<u>9.2</u>
	<u>11.5</u>	<u>14.7</u>

CSC LAKESIDE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

8. Creditors: amounts falling due within one year

	2008 £m	2007 £m
Bank loan due 2011 (note 9)	10.7	6.8
Amounts due to immediate parent company	186.0	176.3
Other taxation and social security	1.6	3.1
Other creditors	8.0	7.9
Rents receivable in advance	14.4	15.0
Accruals and deferred income	8.1	7.5
	<u>228.8</u>	<u>216.6</u>

Amounts due to the immediate parent company and group undertakings are unsecured, repayable on demand and subordinated to the bank loan (note 9). Interest on amounts due to group undertakings has been charged at a rate of 6.25 per cent per annum (2007 6.25 per cent) and the total interest payable amounted to £10.7 million (2007 £11.0 million).

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

	2008 £m	2007 £m
Bank loan due 2011 (note 8)	623.8	633.7
Other creditors	10.2	16.7
	<u>634.0</u>	<u>650.4</u>

The loan is stated at the fair value of the consideration received after deduction of unamortised costs of £0.8 million (2007 £0.7 million). Amounts due to the immediate parent company and group undertakings are subordinate to the bank loan and were charged at the rate of 6.25%.

10. Share capital

	2008 £	2007 £
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 2008

11. Reserves

	Revaluation reserve £m	Profit and loss account £m	Total £m
At 31 December 2007	294.1	(88.6)	205.5
Retained loss for the financial year	-	(0.4)	(0.4)
Decrease in valuation of investment properties	(276.6)	-	(276.6)
At 31 December 2008	17.5	(89.0)	(71.5)

12. Capital commitments

	2008 £m	2007 £m
At 31 December the estimated amounts of commitments for future capital expenditure were:		
Contracted but not provided for	2.0	6.0

13. 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.