

CSC LAKESIDE LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

Company number 4144192



CSC LAKESIDE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The directors submit their report and audited financial statements of the company for the year ended 31 December 2009.

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 2009 are set out in full in the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the notes relating thereto

The company's performance during the period reflects a satisfactory rental performance, given the prevailing property market conditions. The loss on ordinary activities before taxation was £1.4 million, compared with a profit of £0.2 million for the previous year. The company incurred exceptional finance costs of £5.2 million. The unrealised property write downs in the period reflect a continuation, in the first half of the year, of the difficult market conditions that characterised 2008. Property valuation decreases amounted to £87.1 million (2008 £276.6 million). Shareholder funds at 31 December 2009 were £35.4 million, a reduction of £89.1 million from the 31 December 2008 figure of £124.5 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 Capital Shopping Centres Group PLC (formerly Liberty International PLC), the company faces largely those risks and uncertainties faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

As detailed in note 14, in January 2010, the company refinanced its CMBS facility.

As detailed in note 14, on 7 May 2010, the company's ultimate parent changed its name to Capital Shopping Centres Group PLC (formerly Liberty International PLC).

DIVIDENDS

The directors do not recommend a dividend for the year (2008 £nil).

INVESTMENT PROPERTY

The movements in investment property are set out in note 6.

CSC LAKESIDE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

DIRECTORS IN THE YEAR

J Ainsley	resigned 31 March 2009
M Breeden	resigned 31 March 2009
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
L Woodhouse	

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 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 accounting 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and to 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.

CSC LAKESIDE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

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

A handwritten signature in black ink, appearing to read 'K E Chaldecott', with a stylized flourish at the end.

**K E Chaldecott
Director
17 June 2010**

CSC LAKESIDE LIMITED

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of CSC Lakeside Limited (registered company no 4144192) for the year ended 31 December 2009 which comprise the profit and loss account, the statement of recognised gains and losses, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 in the Directors' Report 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 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.

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 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

CSC LAKESIDE LIMITED

INDEPENDENT AUDITORS' REPORT

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

Parwinder Purewal (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 June 2010

CSC LAKESIDE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £m	2008 £m
Continuing operations			
Turnover	2	<u>66 4</u>	<u>67 1</u>
Net property income	2	51 6	53 4
Administrative expenses		<u>(1 8)</u>	<u>(3 0)</u>
Operating profit		49 8	50 4
Interest payable	3	(46 0)	(50 2)
Exception finance costs	3	<u>(5 2)</u>	<u>-</u>
(Loss)/profit on ordinary activities before taxation	4	(1 4)	0 2
Taxation on (loss)/profit on ordinary activities	5	<u>(0 6)</u>	<u>(0 6)</u>
Loss for the year		<u>(2 0)</u>	<u>(0 4)</u>

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 £m	2008 £m
Loss for the financial year	(2 0)	(0 4)
Decrease in valuation of investment properties (note 6)	<u>(87 1)</u>	<u>(276 6)</u>
Total recognised losses for the year	<u>(89 1)</u>	<u>(277 0)</u>

The notes on page 8 to 15 form part of these financial statements

CSC LAKESIDE LIMITED

BALANCE SHEET AT 31 DECEMBER 2009

	Notes	2009 £m	2008 £m
Fixed assets			
Investment property	6	<u>886 7</u>	<u>973 4</u>
Current assets			
Debtors	7	6 1	11 5
Cash at bank and in hand		<u>2.5</u>	<u>2.4</u>
		8 6	13 9
Creditors: amounts falling due within one year	8	<u>(320 6)</u>	<u>(228 8)</u>
Net current liabilities		<u>(312 0)</u>	<u>(214 9)</u>
Total assets less current liabilities		574 7	758 5
Creditors: amounts falling due after more than one year	9	<u>(539 3)</u>	<u>(634 0)</u>
Net assets		<u>35 4</u>	<u>124 5</u>
Capital and reserves			
Called up share capital	10	196 0	196 0
Revaluation reserve	11	(69 6)	17 5
Profit and loss reserve	11	<u>(91 0)</u>	<u>(89 0)</u>
Total shareholder funds		<u>35 4</u>	<u>124 5</u>

The financial statements on pages 6 to 15 have been approved by the Board of Directors on 17 June 2010 and signed on its behalf by



K E Chaldecott
Director



L Woodhouse
Director

CSC LAKESIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. Accounting policies

The financial statements are prepared in accordance with 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 and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below.

In concluding that the going concern basis of preparation is appropriate to adopt, the directors considered the level of financial support that may be made available to the company by its ultimate parent, Capital Shopping Centres Group PLC (formerly Liberty International PLC). The directors took into account the consolidated financial statements of its immediate parent, Capital Shopping Centres PLC for the year ended 31 December 2009, which were prepared on a going concern basis. The directors have also considered the risk of the company's immediate parent company, Capital Shopping Centres PLC, requesting settlement of the balance due to it.

Investment property

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.

Depreciation

In accordance with Statement of Standard Accounting Practice 19 (SSAP19) 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 2006 is to depreciate all properties but that requirement conflicts with the generally accepted accounting principles set out in SSAP19. 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 SSAP19 for the financial statements 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.

CSC LAKESIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. Accounting policies (continued)

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 Operating Lease Incentives, 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.

Cash flow statement

The company is not required to produce a statement of cash flows under Financial Reporting Standard 1 (Revised 1996) Cash Flow Statements as it is a wholly owned subsidiary of Capital Shopping Centres Group PLC (formerly 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 Capital Shopping Centres Group PLC (formerly Liberty International PLC), whose consolidated financial statements are publicly available, and therefore the company is exempt under the terms of Financial Reporting Standard 8 Related Party Disclosures from disclosing details of transactions with related parties who are members or investees of the Capital Shopping Centres Group PLC (formerly Liberty International PLC) group.

CSC LAKESIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

2. Turnover and net property 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

	2009 £m	2008 £m
Rents receivable	56.2	58.7
Service charge and other income	10.2	8.4
Turnover	<u>66.4</u>	<u>67.1</u>
Outgoings	<u>(14.8)</u>	<u>(13.7)</u>
Net property income	<u>51.6</u>	<u>53.4</u>

The comparative amounts have been reclassified to correctly gross up rental income and expense by £2.7 million. There is no impact on net property income.

The directors believe that the nature of the company's business is such that the analysis of costs required by the Companies Act 2006 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

	2009 £m	2008 £m
CMBS facility	33.8	39.5
Amounts due to group undertakings	12.2	10.7
Interest payable	<u>46.0</u>	<u>50.2</u>
Exceptional finance charges	<u>5.2</u>	<u>-</u>
Total finance costs	<u>51.2</u>	<u>50.2</u>

Exceptional finance charges were incurred on the termination of derivative financial instruments (interest rate swaps) in connection with the prepayment on the company's CMBS facility.

CSC LAKESIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

4. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation of £1.4 million (2008 profit £0.2 million) is arrived at after charging

	2009 £	2008 £
Auditors' remuneration – audit services	nil	nil
Directors' remuneration	nil	nil

Auditors' remuneration of £3,400 (2008 £3,500) was settled on behalf of the company by its immediate parent Capital Shopping Centres PLC and has not been recharged

There were no employees during the year (2008 nil)

5. Taxation

The differences between the taxation charged for the year and the current standard rate of United Kingdom corporation tax 28% (2008 28.5%) are shown below

	2009 £m	2008 £m
(Loss)/profit on ordinary activities before Taxation	<u>(1.4)</u>	<u>0.2</u>
Tax (credit)/charge at the standard rate of 28% (2008 28.5%)	(0.4)	0.1
Effects of:		
Capital allowances	(0.3)	(0.4)
Transfer pricing adjustment	2.7	1.4
Group relief	0.7	0.5
REIT exemption	(2.7)	(1.6)
REIT entry charge	<u>0.6</u>	<u>0.6</u>
Taxation on (loss)/profit on ordinary activities	<u>0.6</u>	<u>0.6</u>

CSC LAKESIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

6. Investment property

	Freehold £m
At 1 January 2008	1,248 3
Additions	1 7
Decrease in valuation of investment properties	<u>(276 6)</u>
At 31 December 2008	<u>973 4</u>
At 1 January 2009	973 4
Additions	0 4
Decrease in valuation of investment properties	<u>(87 1)</u>
At 31 December 2009	<u>886 7</u>
Amounts shown within prepayments in respect of lease incentives	<u>3 3</u>
Market value	<u>890 0</u>

The fair value of the Group's investment property as at 31 December 2009 was determined by independent external valuers at that date. The valuation conforms with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 6th edition and with IVS1 of Internal Valuation Standards, and was arrived at by reference to market transactions for similar properties.

The historic cost of investment property was £956.3 million (2008: £955.9 million).

Investment property represents Lakeside Shopping Centre, Thurrock.

7. Debtors

	2009 £m	2008 £m
Rents receivable	1 8	3 1
Amount due from group company	-	1 3
Other debtors	0 2	0 1
Prepayments and accrued income	<u>4 1</u>	<u>7 0</u>
	<u>6 1</u>	<u>11 5</u>

CSC LAKESIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

8. Creditors: amounts falling due within one year

	2009 £m	2008 £m
CMBS facility (note 9)	8 6	10 7
Amounts due to immediate parent company	279 7	186 0
Other taxation and social security	2 2	1 6
Other creditors	9 1	8 0
Rents receivable in advance	13 5	14 4
Accruals and deferred income	7 5	8 1
	<u>320 6</u>	<u>228 8</u>

Amounts due to the immediate parent company 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 (2008 6.25 per cent) and the total interest payable amounted to £12.2 million (2008 £10.7 million), see note 3.

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

	2009 £m	2008 £m
CMBS facility due 2011 (note 8)	536 0	623 8
Other creditors	3 3	10 2
	<u>539 3</u>	<u>634 0</u>

The bank loan is stated at the fair value of the consideration received after deduction of unamortised costs of £1.1 million (2008 £1.9 million).

As disclosed in note 14, the CMBS facility was refinanced in January 2010.

10. Share capital

	2009 £	2008 £
Issued, called up and fully paid		
Ordinary shares of £1 each	<u>196,044,100</u>	<u>196,044,100</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 196,500,000 ordinary shares of £1 each.

CSC LAKESIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

11. Reserves

	Revaluation reserve £m	Profit and loss reserve £m	Total £m
At 1 January 2009	17.5	(89.0)	(71.5)
Loss for the financial year	-	(2.0)	(2.0)
Decrease in valuation of investment properties	(87.1)	-	(87.1)
At 31 December 2009	(69.6)	(91.0)	(160.6)

12. Movements in shareholder's funds

	2009 £000	2008 £000
Opening shareholder's funds	124.5	401.5
Total recognised losses for the year	(89.1)	(277.0)
Closing shareholder's funds	35.4	124.5

13. Capital commitments

	2009 £m	2008 £m
At 31 December the estimated amounts of commitments for future capital expenditure were		
Contracted but not provided for	2.7	2.0

14. Subsequent events

In January 2010, the company refinanced the CMBS facility secured on Lakeside, Thurrock ahead of its maturity in mid 2011. The new £525 million facility is due to mature in January 2017.

The company's ultimate parent Liberty International PLC announced on 9 March 2010 its intention to reorganise by way of demerger into two distinct companies, Capital Shopping Centres Group PLC and Capital & Counties Properties PLC. As a result on 7 May 2010, the company's ultimate parent changed its name from Liberty International PLC to Capital Shopping Centres Group PLC.

CSC LAKESIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

15. Ultimate parent company

The ultimate parent company is Capital Shopping Centres Group PLC (formerly Liberty International 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. The immediate parent company is Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.