

CSC PROPERTIES INVESTMENTS LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

Company number 3229523



CSC PROPERTIES INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors submit their report and accounts for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company is as an investment company.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company's results and financial position for the year ended 31 December 2003 are set out in full in the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and the notes relating thereto.

Both the level of business during the year and the year end financial position were satisfactory. Profit on ordinary activities before taxation was £18.4 million (2002 £5.2 million). Shareholders' funds at 31 December 2003 were £89.6 million (2002 £60.6 million).

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

DIVIDENDS

The directors recommend a dividend for the year on the ordinary share capital of £18.4 million per share (2002 £5.2 million).

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. During the year payments have been made on behalf of the company by Capital Shopping Centres PLC and a group undertaking, CSC Properties Limited, and the trade creditor ratios of these companies, expressed in days, are stated in the directors' report of each company's report and accounts for the year ended 31 December 2003.

FIXED ASSETS

The movements in fixed assets are set out in notes 6 and 7.

DIRECTORS IN THE YEAR

J G Abel
P C Badcock
R M Cable
K E Chaldecott
D A Fischel
A C Smith
F B Sher

Resigned 26 March 2003

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 parent company Capital Shopping Centres PLC.

CSC PROPERTIES INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

DIRECTORS' RESPONSIBILITIES

The directors are required by United Kingdom 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 of the company for that period.

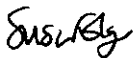
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2003. The directors also confirm that applicable accounting 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 that disclose with reasonable accuracy at any time the financial position of the company and to 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 for taking reasonable steps to prevent and detect fraud and other irregularities.

AUDITORS

Elective resolutions are in force to dispense with holding annual general meetings, the laying of annual accounts before the company in general meeting and the appointment of auditors annually. No annual general meeting will be held this year unless a requisition to hold the same is received from a member or the auditors within 28 days of receipt of these report and accounts. In the absence of any such requisition, the auditors, PricewaterhouseCoopers LLP, will be deemed to be re-appointed for each succeeding financial year.

By order of the Board



**S Folger
Secretary
5 March 2004**

CSC PROPERTIES INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the members of CSC Properties Investments Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and the related notes.

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 and United Kingdom auditing standards issued by the Auditing Practices Board. 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, 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.

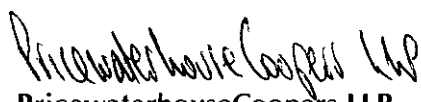
Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

5 March 2004

CSC PROPERTIES INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £m	2002 £m
Continuing operations			
Turnover	1	<u>24.4</u>	<u>3.0</u>
Net property investment income	1	18.3	2.6
Other investment income		<u>-</u>	<u>2.6</u>
Operating income		18.3	5.2
Net interest	2	<u>(0.2)</u>	<u>-</u>
		18.1	5.2
Profit on sale of fixed assets	7	<u>0.3</u>	<u>-</u>
Profit on ordinary activities before taxation	3	18.4	5.2
Taxation on profit on ordinary activities	4	<u>-</u>	<u>-</u>
Profit for the financial year		18.4	5.2
Dividends	5	<u>(18.4)</u>	<u>(5.2)</u>
Retained profit for the year		-	-
Retained profit brought forward		<u>-</u>	<u>-</u>
Retained profit carried forward		<u>-</u>	<u>-</u>

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year and their historical cost equivalents.

The notes on pages 7 to 14 form part of these financial statements.

CSC PROPERTIES INVESTMENTS LIMITED

BALANCE SHEET AT 31 DECEMBER 2003

	Notes	2003 £m	2002 £m
Fixed assets			
Tangible assets:			
Investment properties	6	337.3	309.0
Investments	7	-	12.6
		<u>337.3</u>	<u>321.6</u>
Current assets			
Debtors	8	36.4	7.9
Cash at bank		1.2	1.7
		<u>37.6</u>	<u>9.6</u>
Creditors: amounts falling due within one year	9	<u>(285.3)</u>	<u>(270.6)</u>
Net current liabilities		<u>(247.7)</u>	<u>(261.0)</u>
Net assets		<u>89.6</u>	<u>60.6</u>
Capital and reserves			
Share capital	10	-	-
Revaluation reserve	11	89.6	60.6
Profit and loss account		-	-
Equity shareholders' funds		<u>89.6</u>	<u>60.6</u>

The notes on pages 7 to 14 form part of these financial statements.

Approved by the Board on 5 March 2004


J G Abel
Director


A C Smith
Director

CSC PROPERTIES INVESTMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 £m	2002 £m
Profit for the financial year	18.4	5.2
Increase in valuation of investment properties	29.0	51.1
Decrease in valuation of investments	-	(4.7)
	<u>47.4</u>	<u>51.6</u>
Total recognised gains and losses for the year		

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 £m	2002 £m
Opening shareholders' funds	60.6	14.2
Total recognised gains and losses for the year	47.4	51.6
Dividends	(18.4)	(5.2)
	<u>89.6</u>	<u>60.6</u>
Closing shareholders' funds		

CSC PROPERTIES INVESTMENTS 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 applicable accounting standards in the United Kingdom and under the historical cost convention as modified by the revaluation of properties and investments as described below. The company is the sole limited Partner in the Victoria Centre Partnership and as such has accounted for all of the underlying assets and liabilities of that Partnership in presenting these financial statements on an effective combined basis.

Completed investment properties

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.

Investments

Investments are treated as fixed asset investments and are carried in the balance sheet at directors' valuation based on the share of the net assets of the entity at the balance sheet date. Surpluses and deficits on valuation are reflected in the revaluation reserve.

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.

Investment income

Investment income is recognised on an accruals basis.

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.

CSC PROPERTIES INVESTMENTS LIMITED

PRINCIPAL ACCOUNTING POLICIES

Taxation

Corporation tax is provided at the current rate on taxable profits. Taxation payable upon realisation of revaluation gains recognised in prior periods is recorded as a movement in reserves and reported in the statement of total recognised gains and losses. Deferred taxation is provided in full on timing differences other than valuation surpluses on investments held for the long term where disposal is not contemplated in the foreseeable future. Deferred taxation is provided on the difference between the tax written down value and book value of all assets and on chargeable capital gains on those investments and investment properties earmarked for sale at the date of the accounts. This liability is not discounted. The potential amount of taxation which would be payable if all valuation surpluses on investments held for the long term were to be realised is disclosed in note 4 to the accounts.

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 PROPERTIES INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

1. Turnover, net property investment income and investment income

In the opinion of the directors the company carries on only two classes of business in the United Kingdom – *property investment and investment*.

(a) Turnover

Turnover arose in the United Kingdom from continuing operations.

	2003 £m	2002 £m
Rents receivable	20.4	2.6
Service charge and other income	4.0	0.4
Turnover	<u>24.4</u>	<u>3.0</u>
Outgoings	<u>(6.1)</u>	<u>(0.4)</u>
Net property investment income	<u>18.3</u>	<u>2.6</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.

(b) Investment income

Investment income consists of distributions receivable in respect of fixed asset investments during the year.

2. Net interest

	2003 £m	2002 £m
Interest payable:		
Miscellaneous financing charges	<u>0.2</u>	<u>-</u>

CSC PROPERTIES INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation of £18.4 million (2002 £5.2 million) is arrived at after charging:

	2003 £	2002 £
Auditors' remuneration – audit services	5,000	4,700
Directors' remuneration	nil	nil

There were no employees during the year (2002 nil).

4. Taxation

(a) Taxation on profit on ordinary activities

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

	2003 £m	2002 £m
Profit on ordinary activities before taxation	<u>18.4</u>	<u>5.2</u>
Current United Kingdom corporation tax at 30% (2002 30%)	5.5	1.6
Effects of:		
Group relief	<u>(5.5)</u>	<u>(1.6)</u>
Total current taxation	-	-
Deferred taxation	-	-
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

(b) Deferred taxation

If deferred taxation were to be provided in respect of all valuation surpluses a provision of £22.0 million (2002 £18.1 million) would be required, assuming investment properties were disposed of at 31 December 2003 at their carrying value. The amount is undiscounted and takes no account of the long term deferral of the liability until eventual disposal, or the benefit from future inflation linked indexation allowances.

CSC PROPERTIES INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

5. Dividends

	2003 £m	2002 £m
Proposed dividend of £18.4 million per ordinary share (2002 £5.2 million)	<u>18.4</u>	<u>5.2</u>

6. Investment properties

Completed properties at independent valuation	Freehold £m
At 31 December 2002	309.0
Additions	(0.7)
Surplus on valuation	<u>29.0</u>
At 31 December 2003	<u>337.3</u>

The company's interests in completed investment properties were valued as at 31 December 2003 by external valuers, DTZ Debenham Thorpe Tie Leung Limited, in accordance with the Appraisal and Valuation Manual of RICS, which became effective on 1 May 2003, 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. Market value is estimated without regard to costs of sale or purchase and thus values reported at 31 December 2003 do not include purchasers' costs, whereas at 31 December 2002 the market value of investment properties included £16.8 million purchasers' costs, in effect reflecting theoretical replacement value. This change in basis constitutes a change in estimation technique.

The historic cost of completed investment properties was £257.2 million (2002 £257.9 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 a 100% interest in Victoria Centre, Nottingham, held by the company as a Limited Partner in the Victoria Centre Partnership.

CSC PROPERTIES INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

7. Investments

	£m
At 31 December 2002	12.6
Capital repayments	(12.9)
Profit in current year	<u>0.3</u>
At 31 December 2003	<u>-</u>

Investments represented a 23.2% interest (2002 23.2%) in UK Prime Property Partnership ("UK Prime"). During the year UK Prime, which had resolved to wind up its affairs, made final capital distributions preparatory to the subsequent dissolution of the partnership. The company made a profit in the current year of £0.3 million relating to the excess of capital receipts over the carrying value of the asset. The revaluation reserve includes a prior year surplus of £9.5 million relating to the holding in UK Prime. This surplus has not been realised as the underlying asset to which it primarily relates, Victoria Centre shopping centre, continues to be held by the company.

8. Debtors

	2003 £m	2002 £m
Rents receivable	0.6	0.4
Amounts due from immediate parent company	8.5	1.3
Other debtors	23.4	0.6
Prepayments and accrued income	<u>3.9</u>	<u>5.6</u>
	<u>36.4</u>	<u>7.9</u>

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

CSC PROPERTIES INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

9. Creditors: amounts falling due within one year

	2003 £m	2002 £m
Trade creditors	-	0.1
Amounts due to group undertakings	255.3	251.9
Other taxation	1.0	0.6
Other creditors	4.6	0.1
Rents receivable in advance	4.2	3.9
Accruals and deferred income	1.8	8.8
Dividend payable	18.4	5.2
	<u>285.3</u>	<u>270.6</u>

Amounts due to group undertakings are unsecured, interest free and payable on demand. The 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.

10. Share capital

	2003 £	2002 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

11. Revaluation reserve

	£m
At 31 December 2002	60.6
Increase in valuation of investment properties	<u>29.0</u>
At 31 December 2003	<u>89.6</u>

CSC PROPERTIES INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

12. Capital and other commitments

	2003 £m	2002 £m
At 31 December the estimated amounts of commitments for future capital expenditure were:		
Contracted but not provided for	<u>£nil</u>	<u>£nil</u>

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.