101940/20. FC029218

CSC UXBRIDGE (JERSEY) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

CSC UXBRIDGE (JERSEY) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

The directors submit their report and audited financial statements of the company for the year ended 31 December 2010

INCORPORATION
The Company was incorporated in Jersey, Channel Islands on 28 August 2001.

PRINCIPAL ACTIVITY
The principal activity of the company is the ownership, management and development of investment property

BUSINESS REVIEW
The company's results and financial position for the year ended 31 December 2010 are set out in full in the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the financial statements

The company's performance during the period reflects a satisfactory rental performance, given the prevailing property market conditions Net rental income was £13 0 million compared to £12 7 million for the previous year A revaluation surplus of £21 7 million was recorded during the year (2009 revaluation deficit of £7 6 million) reflecting the continuation in the recovery of property values which began in the second half of 2009 The profit before taxation was £18 5 million, compared with a profit of £2 2 million for the previous year Total equity at 31 December 2010 was £29 8 million, a decrease of £47 6 million from the 31 December 2009 figure of £77 4 million reflecting dividends paid of £66 0 million offset by the profit for the year

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, 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

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

DIVIDENDS
During the year an interim dividend of £66 0 million was declared and paid (2009 £nil) The directors do not recommend a final dividend for the year (2009 £nil)

INVESTMENT AND DEVELOPMENT PROPERTY
The movements in investment and development property are set out in note 6

CSC UXBRIDGE (JERSEY) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

DIRECTORS IN THE YEAR

K E Chaldecott	
M Ellis	appointed 13 August 2010
D A Fischel	
C Kirby	
T Pereira	appointed 13 August 2010
M Roberts	appointed 13 August 2010
L Woodhouse	resigned 18 June 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Jersey law and regulations

Jersey 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union Under Jersey company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 (Jersey) Law 1991 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 UXBRIDGE (JERSEY) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

AUDITORS
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office The directors will reappoint PricewaterhouseCoopers LLP as auditors at the next board meeting

By order of the Board

D A Fischel
Director
18 May 2011

CSC UXBRIDGE (JERSEY) LIMITED

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of CSC Uxbridge (Jersey) Limited (Jersey registered company no 80763) for the year ended 31 December 2010 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors
As explained more fully in the statement of Directors' responsibilities set out on page 2, 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 and express an opinion on 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 Article 113A of the Companies (Jersey) Law 1991 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 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991

Opinion on other matter
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 UXBRIDGE (JERSEY) 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 (Jersey) Law 1991 requires us to report to you if, in our opinion

- proper accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records, 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
London
18 May 2011

CSC UXBRIDGE (JERSEY) LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £m	2009 £m
Revenue	2	17 2	16 9
Net rental income	2	13.0	12 7
Revaluation of investment and development property		21.7	(7 6)
Administration expenses		(1 1)	(1 5)
Operating profit	3	33 6	3 6
Finance costs	4	(9 0)	(9 1)
Finance income		-	2 8
Exceptional finance costs	4	-	(0 4)
Change in fair value of derivative financial instruments		(6.1)	5 3
Profit before taxation		18 5	2 2
Taxation	5	(0 1)	0 7
Profit for the year		18 4	2 9

Other than the items in the income statement above, there are no other items of comprehensive income and accordingly, a separate statement of comprehensive income has not been prepared

CSC UXBRIDGE (JERSEY) LIMITED

BALANCE SHEET
AT 31 DECEMBER 2010

	Notes	2010 £m	2009 £m
Non-current assets			
Investment and development property	6	208 5	186 8
Trade and other receivables	7	7 8	8 5
		216 3	195 3
Current assets			
Trade and other receivables	7	3 8	64 8
Cash and cash equivalents		1 5	1 8
		5 3	66 6
Total assets		221 6	261 9
Current liabilities			
Trade and other payables	8	(11 0)	(6 7)
Borrowings		(2 3)	(2 4)
		(13 3)	(9 1)
Non-current liabilities			
Borrowings		(157 6)	(159.9)
Derivative financial instruments	9	(20 9)	(14.8)
Other payables		-	(0 7)
		(178 5)	(175.4)
Total liabilities		(191 8)	(184 5)
Net assets		29 8	77 4
Equity			
Share capital	12	24 9	24 9
Retained earnings		4 9	52 5
Total equity		29 8	77 4

The notes on pages 10 to 27 form part of these financial statements

The financial statements on pages 6 to 27 have been approved by the Board of Directors on 18 May 2011 and signed on its behalf by

D A Fischel
Director

M Roberts
Director

CSC UXBRIDGE (JERSEY) LIMITED

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2010

	Share capital £m	Retained earnings £m	Total equity £m
At 1 January 2009	24 9	49 6	74.5
Profit for the year	-	2 9	2 9
Total comprehensive income for the year	-	2 9	2 9
At 31 December 2009	24 9	52.5	77 4
At 1 January 2010	24 9	52.5	77 4
Profit for the year	-	18 4	18 4
Total comprehensive income for the year	-	18 4	18 4
Dividends paid	-	(66 0)	(66 0)
At 31 December 2010	24 9	4 9	29 8

CSC UXBRIDGE (JERSEY) LIMITED

STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2010

	Notes	2010 £m	2009 £m
Cash generated from operations	14	78.5	15.9
Interest paid		(8.8)	(6.3)
Taxation – REIT entry charge		(1.6)	(0.9)
Cash flows from operating activities		68 1	8.7
Borrowings repaid		(2 4)	(7.6)
Dividends paid		(66 0)	-
Cash flows from financing activities		(68 4)	(7 6)
Net decrease in cash and cash equivalents		(0.3)	1 1
Cash and cash equivalents at 1 January		1.8	0 7
Cash and cash equivalents at 31 December		1 5	1 8

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with the Companies (Jersey) Law 1991 These are the Company's first financial statements to be prepared under IFRS and IFRS 1 (First-time adoption of International Financial Reporting Standards) has been applied

The comparative information presented in these accounts has been restated and represented under IFRS Further details on the restatement of comparative information and conversion to IFRS are given in note 17

The financial statements have been prepared under the historical cost convention as modified by the revaluation of properties and derivative financial instruments A summary of the accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates Where such judgements are made they are included within the accounting policies given below

The following standards and interpretations have been issued and adopted by the EU but are not effective for the year ended 31 December 2010 and have not been adopted early

- IAS 24 Related Party Disclosures,
- IAS 32 Financial Instruments: Presentation (amendment),
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (amendment), and
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These pronouncements are not expected to have a material impact on the financial statements, but will result in changes to presentation or disclosure where they are applicable

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 The directors took into account the consolidated financial statements of its immediate parent, Capital Shopping Centres PLC for the year ended 31 December 2010, 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

1. Principal accounting policies (continued)

Investment and development property
Investment and development property is owned by the company and held for long-term rental income and capital appreciation

The company has elected to use the fair value model Property is initially recognised at cost and subsequently revalued at the balance sheet date to fair value as determined by professionally qualified external valuers on the basis of market value. Valuations conform with the Royal Institution of Chartered Surveyors ("RICS"), Valuation Standards 6th Edition and IVS1 of International Valuation Standards

The main estimates and judgements underlying the valuations are in relation to market rent, taking into account forecast growth rates and yields based on known transactions for similar properties and likely incentives offered to tenants

The cost of investment and development property includes capitalised interest and other directly attributable outgoings incurred during development, except in the case of properties and land where no development is imminent, in which case no interest is included Interest is capitalised (before tax relief), on the basis of the average rate of interest paid on the relevant debt outstanding, until the date of practical completion

Gains or losses arising from changes in the fair value of investment property are recognised in the income statement Depreciation is not provided in respect of investment property

Revenue
The company recognises revenue on an accruals basis, when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company

Rental income receivable is spread evenly over the period from lease commencement to expiry Directly attributable lease incentives are recognised within net rental income on the same straight-line basis as rental income

Contingent rents, being those lease payments that are not fixed at the inception of a lease, for example increases arising on rent reviews or rents linked to tenant revenues, are recorded as income in the periods in which they are earned

Rent reviews are recognised as income from the date of the rent review, based on management's estimates, when they can be measured reliably Estimates are derived from knowledge of market rents for comparable properties determined on an individual property basis and updated for progress of negotiations

Service charge income is recognised on an accruals basis in line with the service being provided

1. Principal accounting policies (continued)

Taxation
Current tax is the amount payable on the taxable income for the year 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

Derivative financial instruments
The Company uses derivative financial instruments to manage exposure to interest rate risk They are initially recognised on the trade date at fair value and subsequently re-measured at fair value based on market price

Changes in fair value are recognised directly in the income statement

Exceptional items
Exceptional items are those items that in the Directors' view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the company's financial performance

Leases
Properties are leased out under operating leases, with rental income being recognised on a straight-line basis over the lease term For more detail see the revenue recognition policy

Impairment of assets
The company's assets are reviewed at each balance sheet date to determine whether events or changes in circumstances exist that indicate that their carrying amount may not be recoverable If such an indication exists, the asset's recoverable amount is estimated The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (referred to as cash generating units)

Trade receivables
Trade receivables are recognised and subsequently measured at amortised cost

The Directors exercise judgement as to the collectability of the trade receivables and determine if it is appropriate to impair these assets Factors such as days past due, credit status of the counterparty and historical evidence of collection are considered

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, deposits with banks, whether restricted or unrestricted and other short-term liquid investments with original maturities of three months or less

CSC UXBRIDGE (JERSEY) LIMITED

1. Principal accounting policies (continued)

Trade payables
Trade payables are recognised and subsequently measured at amortised cost

Borrowings
Borrowings are recognised initially at their net proceeds on issue and subsequently carried at amortised cost Any transaction costs and premiums or discounts are recognised over the contractual life using the effective interest rate method

Current/non-current classification
Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption in, the course of the company's operating cycle All other assets are classified as non-current assets

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the company's operating cycle and those liabilities due within one year from the reporting date All other liabilities are classified as non-current liabilities

2. Revenue and net rental income

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

	2010 £m	2009 £m
Rent receivable	14 8	14.3
Service charge income	2 4	2.6
	17 2	16 9
Service charge and other non-recoverable costs	(4 2)	(4 2)
Net rental income	13 0	12 7

3. Operating profit

The operating profit of £33 6 million (2009 £3 6 million) did not include any fees in respect of auditors' remuneration or directors' remuneration (2009 £nil) No deduction is made for auditors' remuneration of £2,900 (2009 £3,400) which was settled on behalf of the company by the ultimate parent company, Capital Shopping Centres Group PLC, and has not been recharged

There were no employees during the year (2009 nil)

4. Finance costs

	2010 £m	2009 £m
On borrowings	9 0	9 1

Exceptional finance costs of £0 4 million were incurred in 2009 on the termination of derivative financial instruments (interest rate swaps)

CSC UXBRIDGE (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

5. Taxation

The total taxation charge of £0 1 million (2009 credit of £0 7 million) is all in respect of current taxation The tax charge for the year is lower (2009 - lower) than the standard rate of corporation tax in the UK The differences are explained below

	2010 £m	2009 £m
Profit before taxation	18 5	2 2
Profit before tax multiplied by the standard rate of tax in the UK of 28% (2009 28%)	5 2	0 6
Fair value movements not subject to tax	(4 4)	0 6
Change of accounting policy	2 6	0 2
Prior year items	-	(0 8)
Capital allowances	(0 1)	(0 1)
Group relief	0 3	0 1
REIT exemption	(3 6)	(1 4)
REIT entry charge	0 1	0 1
Taxation	0 1	(0 7)

6. Investment and development property

	Freehold £m
At 1 January 2009	194 4
Deficit on revaluation	(7 6)
At 31 December 2009	186 8
At 1 January 2010	186 8
Surplus on revaluation	21 7
At 31 December 2010	208 5
Adjustment in respect of tenant incentives	8 6
Market value	217 1

The fair value of the Group's investment and development property as at 31 December 2010 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

Investment property represents The Chimes Shopping Centre, Uxbridge

CSC UXBRIDGE (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

7. Trade and other receivables

	2010 £m	2009 £m
Current		
Rents receivable	0 7	0 1
Amounts owed by group undertakings	1 8	63 6
Other receivables	0 1	0 1
Prepayments and accrued income	1 2	1 0
	3 8	64 8
Non-current		
Prepayments and accrued income	7 8	8 5

Included within prepayments and accrued income are tenant incentives of £8 6m (2009 £9.4m)

8. Trade and other payables

	2010 £m	2009 £m
Amounts due to immediate parent company	5 3	-
Rents received in advance	3 4	3 4
Accruals and deferred income	0 5	0 9
Other creditors	0 4	0 4
Other taxation and social security	1 4	2 0
	11 0	6 7

Amounts due to the immediate parent company are unsecured, repayable on demand and subordinated to the borrowings

9. Derivative financial instruments

Derivative financial instruments are all interest rate swaps classified as held for trading

CSC UXBRIDGE (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

10. Operating leases

The Company earns rental income by leasing its investment properties to tenants under operating leases

In the UK the standard shopping centre lease is for a term of 10 to 15 years. Standard lease provisions include service charge payments, recovery of other direct costs and review every five years to market rent Standard turnover based leases have a turnover percentage agreed with each lessee which is applied to a retail unit's annual sales and any excess between the resulting turnover rent and the minimum rent is receivable by the Group

The future minimum lease amounts receivable under non-cancellable operating leases for continuing operations are as follows

	2010 £m	2009 £m
Not later than one year	11 6	12 0
Later than one year and not later than five years	44 7	44 9
Later than five years	29 6	39 9
	85 9	96 8

11. Financial risk management

Market risk

The company is exposed to a variety of risks arising from the company's operations being principally market risk (including interest rate risk and market price risk), liquidity risk and credit risk

The majority of the company's financial risk management is carried out by Capital Shopping Centres Group PLC's treasury department and the group's policies for managing each of these risks as they apply to the company and the principal effects of these policies on the results for the year are summarised below

Interest rate risk

Interest rate risk comprises of both cash flow and fair value risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates Fair value interest rate risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market interest rates

The Company's interest rate risk arises from borrowings issued at variable rates that expose the Company to cash flow interest rate risk, whereas borrowings issued at fixed interest rates expose the Group to fair value interest rate risk

Bank debt is typically issued at floating rates linked to LIBOR Bond debt and other capital market debt are generally issued at fixed rates

It is the group's policy, and often a requirement of the group's lenders, to eliminate substantially all short and medium-term exposure to interest rate fluctuations in order to establish certainty over medium-term cash flows by using floating to fixed interest rate swaps Such swaps have the economic effect of converting borrowings from floating to fixed rates As a consequence, the company is exposed to market price risk in respect of the fair value of its fixed rate interest rate swaps, as discussed in the financial review

11. Financial risk management (continued)

The below table shows the effects of interest rate swaps on the borrowings profile of the company

	Fixed 2010 £m	Floating 2010 £m	Fixed 2009 £m	Floating 2009 £m
Borrowings	-	160 1	-	162.6
Derivative impact	160 1	(160 1)	162 6	(162 6)
Net borrowings profile	160 1	-	162 6	-
Interest rate protection on floating debt		100 0%		100.0%

The weighted average rate of interest rates contracted through interest rates swaps is 5 0 per cent (2009 5 0 per cent)

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £3.9 million (2009 £4 5 million) in the fair value of derivatives The approximate impact of a 50 basis point shift downwards in the level of interest rates would be a negative movement of £4 0 million (2009 £4 6 million) in the fair value of derivatives In practice, a parallel shift in the yield curve is highly unlikely However, the above sensitivity analysis is a reasonable illustration of the possible effect from the changes in slope and shifts in the yield curve that may actually occur Because the fixed rate derivative financial instruments are matched by floating rate debt, the overall effect on Company cash flow of such a movement would be very small

Liquidity risk
Liquidity risk is managed to ensure that the company is able to meet future payment obligations when financial liabilities fall due Liquidity analysis is conducted to ensure that sufficient headroom is available to meet the operational requirements and committed investments The group treasury policy aims to meet this objective through maintaining adequate cash, marketable securities and committed facilities to meet these requirements The group's policy is to seek to optimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk In effect the Group seeks to borrow for as long as possible at the lowest acceptable cost

11. Financial risk management (continued)

The tables below set out the maturity analysis of the Company's financial liabilities based on the undiscounted contractual obligations to make payments of interest and to repay principal Where interest payment obligations are based on a floating rate the rates used are those implied by the par yield curve

2010	Within 1 year £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(4 5)	(5 2)	(24 1)	(150 7)	(184 5)
Tax and other payables	(1 8)	-	-	-	(1 8)
Derivatives payments	(8 0)	(7 9)	(22 8)	(3 7)	(42 4)
Derivative receipts	1 4	2 0	14 4	2 9	20 7
	(12 9)	(11 1)	(32 5)	(151 5)	(208 0)

2009	Within 1 year £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(4 3)	(6 2)	(30 1)	(161 4)	(202 0)
Tax and other payables	(2 4)	(0 7)	-	-	(3 1)
Derivatives payments	(1 2)	(3 1)	(20 3)	(10 5)	(35 1)
Derivative receipts	6 9	4 9	2.9	0 6	15 3
	(1 0)	(5 1)	(47 5)	(171 3)	(224 9)

11. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss if a tenant or counterparty fails to meet an obligation under a contract. Credit risk arises primarily from trade receivables relating to tenants but also from the company's holdings of assets with counterparties such as cash deposits, loans and derivative instruments

Credit risk associated with trade receivables is actively managed, tenants are managed individually by asset managers, who continuously monitor and work with tenants, anticipating and, wherever possible, identifying and addressing risks prior to default

Prospective tenants are assessed via a review process, including obtaining credit ratings and reviewing financial information which is conducted internally. As a result deposits or guarantors may be obtained The amount of deposits held as collateral at 31 December 2010 is £0 1 million (2009 £0 1 million)

Due to the nature of tenants being managed individually by asset managers, it is Company policy to calculate any impairment specifically on each contract

The ageing analysis of these trade receivables is as follows

	2010 £m	2009 £m
Up to three months	0 7	0 1
Trade receivables	0 7	0 1

In 2010 trade receivables impaired amounted to £nil million (2009 £0 1 million)

The credit risk relating to cash, deposits and derivative financial instruments is actively managed centrally by Capital Shopping Centres Group PLC, the ultimate parent Relationships are maintained with a number of tier one institutional counterparties, ensuring compliance with Capital Shopping Centres Group PLC Company policy relating to limits on the credit ratings of counterparties (between BBB+ and AAA)

Excessive credit risk is avoided through adhering to authorised limits for all counterparties

11. Financial risk management (continued)

Classification of financial assets and liabilities

The table below sets out the company's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2010 and 31 December 2009 The fair values of quoted borrowings are based on the asking price The fair values of derivative financial instruments are determined from observable market prices or estimated using appropriate yield curves at 31 December each year by discounting the future contractual cash flows to the net present values

2010	Carrying value £m	Fair value £m	Gain/(loss) to income statement £m
Trade and other receivables	11 6	11 6	-
Cash and cash equivalents	1 5	1 5	-
Total cash and receivables	13 1	13 1	-
Derivative financial instruments	(20 9)	(20 9)	(6.1)
Total held for trading liabilities	(20 9)	(20 9)	(6.1)
Trade and other payables	(11 0)	(11 0)	-
Borrowings	(159 9)	(159 9)	-
Total loans and payables	(170.9)	(170 9)	-

2009	Carrying value £m	Fair value £m	Gain/(loss) to income statement £m
Trade and other receivables	73 3	73 3	-
Cash and cash equivalents	1 8	1 8	-
Total cash and receivables	75 1	75 1	-
Derivative financial instruments	(14 8)	(14 8)	5 3
Total held for trading liabilities	(14 8)	(14 8)	5 3
Trade and other payables	(7 4)	(7 4)	-
Borrowings	(162 3)	(162 3)	-
Total loans and payables	(169 7)	(169 7)	-

11. Financial risk management (continued)

The only financial assets and liabilities of the company recognised at fair value are derivative financial instruments These are all held at fair value through profit or loss and are categorised as level 2 in the fair value hierarchy as explained below

Fair value hierarchy
Level 1· valuation based on quoted market prices traded in active markets.
Level 2 valuation techniques are used, maximising the use of observable market data, either directly from market prices or derived from market prices
Level 3. where one or more inputs to valuation are not based on observable market data Valuations at this level are more subjective and therefore more closely managed, including sensitivity analysis of inputs to valuation models Such testing has not indicated that any material difference would arise due to a change in input variables

Capital structure
The company seeks to enhance shareholder value both by investing in the business so as to improve the return on investment and by managing the capital structure The company uses a mix of equity, debt and other financial instruments and aims to access the debt market with maximum efficiency and flexibility

12. Share capital

	2010 £m	2009 £m
Issued, called up and fully paid		
24,897,106 ordinary shares of £1 each	24 9	24 9

13. Capital commitments

At 31 December 2010, the Company was contractually committed to £0 2 million (2009 - £nil million) of future expenditure for the purchase, construction and enhancement of investment property All of the £0 2m is expected to be spent in 2011

14. Cash generated from operations

	2010 £m	2009 £m
Profit before tax	18 5	2.2
Remove		
Revaluation of investment property	(21 7)	7.6
Amortisation of lease incentives and other direct costs	0 8	1.1
Finance costs	9 0	9.1
Finance income	-	(2.8)
Exceptional finance costs	-	0.4
Change in fair value of derivative financial instruments	6 1	(5.3)
Changes in working capital		
Change in trade and other receivables	60 7	4.0
Change in trade and other payables	5 1	(0 4)
Cash generated from operations	78.5	15 9

15. Related party transactions

During the year the Company entered into the following transactions with other Group companies

	Nature of transaction	2010 £m	2009 £m
Capital Shopping Centres PLC	Dividend payable	66 0	-

Significant balance outstanding between the Company and other Group companies are shown below

	Amounts owed by 2010 £m	Amounts owed by 2009 £m	Amounts owed to 2010 £m	Amounts owed to 2009 £m
Capital Shopping Centres PLC	-	63 6	5 3	-
Liberty International Group Treasury Limited	1 8	-	-	-

16. Ultimate parent company

The ultimate parent company is Capital Shopping Centres Group 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

17. Conversion to International Financial Reporting Standards

Following the Company's adoption of IFRS, the 2009 comparative information in these financial statements has been restated and represented under IFRS Set out below are reconciliations of the profit for the year ended 31 December 2009 from UKGAAP to IFRS and for total equity under UKGAAP at 1 January 2009 and 31 December 2009 to total equity under IFRS. Additionally the balance sheet as at 1 January 2009 is presented under IFRS More detailed explanations of the key adjustments are set out below these tables.

Reconciliation of profit for the year from UKGAAP to IFRS

	Notes	Year ended 31 December 2009 £m
Profit for the year (UKGAAP)		6 0
Lease incentives	a	(0.7)
New letting costs	b	(0 1)
Revaluation of investment property	c	(7 6)
Derivative financial instruments	d	5 3
Profit for the year (IFRS)		2 9

Reconciliation of total equity from UKGAAP to IFRS

	Notes	31 December 2009 £m	1 January 2009 £m
Total equity (UKGAAP)		91 0	93 5
New letting costs	b	0 1	-
Derivative financial instruments	d	(13 7)	(19 0)
Total equity (IFRS)		77 4	74 5

17. Conversion to International Financial Reporting Standards (continued)

Balance sheet at 1 January 2009 under IFRS

	1 January 2009 £m
Non-current assets	
Investment property	194 4
Trade and other receivables	9 4
	203 8
Current assets	
Trade and other receivables	69 1
Cash and cash equivalents	0 7
	69 8
Total assets	273 6
Current liabilities	
Trade and other payables	(8 5)
Borrowings	(2 6)
Derivative financial instruments	(2 9)
	(14 0)
Non-current liabilities	
Borrowings	(167 2)
Other payables	(2 2)
Derivative financial instruments	(15 7)
	(185 1)
Total liabilities	(199 1)
Net assets	74 5
Equity	
Share capital	24 9
Retained earnings	49 6
Total equity	74 5

Notes

a) Lease incentives
Under UKGAAP (UITF Abstract 28 Operating Lease Incentives), the cost of lease incentives given is recognised as a reduction of rental income over the period until the next rent review date Under IFRS (SIC Interpretation 15 Operating Leases - Incentives) the costs of incentives are recognised as a reduction of rental income over the full length of the lease The market value of the property is analysed between investment property and lease incentives in the balance sheet so net assets are not impacted by this adjustment
Revenue and profits for the year ended 31 December 2009 are debited by £0 7 million

17. Conversion to International Financial Reporting Standards (continued)

b) New letting costs
Under UKGAAP the Company's policy was to expense costs directly incurred in negotiating and arranging leases Under IFRS (IAS 17 Leases) it is required to recognise these as an expense over the lease term on the same basis as lease income. As a result the loss for the year ended 31 December 2009 is debited by £0 1 million and a balance sheet asset of £0 1 million is recognised on conversion

c) Revaluation of investment property
The Company's policy under UKGAAP was to revalue investment property to market value at the balance sheet date This continues to be the case under IFRS Under IFRS the revaluation gain or loss is shown through the income statement rather than reserves No separate revaluation reserve is maintained under IFRS Due to the presentation of investment property and lease incentives, the impact on the income statement of the lease incentives adjustment set out in note a) is also reflected by an equal and opposite change in the gain or loss on revaluation

d) Derivative financial instruments
Under UKGAAP the company does not recognise derivative financial instruments at fair value in the balance sheet instead only accounting for payments through the income statement as they accrue Under IFRS (IAS 39 Financial Instruments Recognition and Measurement) derivative financial instruments are recognised in the balance at their fair value with fair value gains and losses being recognised in the income statement As a result the result for the year ended 31 December 2009 is credited by £5 3 million and total equity at 31 December 2009 decreased by £13 7 million being the net of the fair value of the derivative financial instrument recognised under IFRS and the accrued payments recognised under UKGAAP