

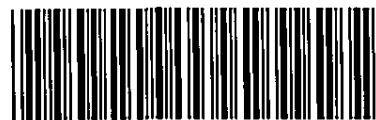
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OCI Holdings Limited

Report and Financial Statements

31 December 2006

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COMPANIES HOUSE

OCI Holdings Limited

Registered No 03649482

Directors

Hans Dobke
Barry Porter

Secretary

Margaret Smith

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

Barclays Bank PLC
Edgware Road
London
W2 2HT

Solicitors

Boodle Hatfield
61 Brook Street
London
W1Y 2BL

Registered office

25 Bank Street
London
E14 5LE

Directors' report

The directors present their report and financial statements for the year ended 31 December 2006

Results and dividends

The profit for the year, after taxation and minority interest, amounted to £27,125,154 (2005 - loss £5,090,470) The directors do not recommend the payment of an ordinary dividend for the year (2005 - £nil)

Principal activities and review of the business

The group's principal activities are that of a specialist developer and operator of factory outlet centres and as a retailer

During the year, Mable Commercial Limited, a wholly owned subsidiary of Lehman Brothers Holdings Inc, the company's ultimate parent undertaking, wrote off all outstanding debt owed by the company amounting to £28,638,124

Following the sale of its German venture the group has begun the process of winding up its operations, and therefore the financial statements are prepared on the break-up basis

Directors

The directors who served during the year were as follows

Hans Dobke
Barry Porter

Directors' statement as to disclosure of information to auditors

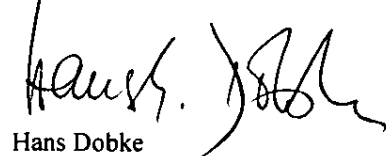
The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the group's auditors, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the group's auditors are aware of that information

Re-appointment of auditors

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting

On behalf of the board



Hans Dobke
Director



Barry Porter
Director

23 JUN 2008

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and 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 group and the company and of the profit of the group 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of OCI Holdings Limited

We have audited the group and parent company financial statements for the year ended 31 December 2006 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated and Company Balance Sheets and the related notes 1 to 21. These financial statements have been prepared on the break-up basis and the other accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for the preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK 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).

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's 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 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.

Independent auditors' report

to the members of OCI Holdings Limited (continued)

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 group's and the company's affairs as at 31 December 2006 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

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Consolidated profit and loss account

for the year ended 31 December 2006

	Notes	2006 £	2005 £
Turnover	2		
Discontinued operations		–	3,863,256
Gross profit		–	3,863,256
Administrative expenses	3	(458,419)	(3,872,364)
Written off loan	13	28,638,124	–
Group operating profit / (loss)	4	28,179,705	(9,108)
Profit on disposal of subsidiary undertakings	11	–	17,553
Loss on disposal of fixed assets		–	(27,312)
Profit / (loss) on ordinary activities before interest and taxation		28,179,705	(18,867)
Interest receivable	7	52,081	10,957
Interest payable	8	(1,070,711)	(3,064,624)
Profit / (loss) on ordinary activities before taxation		27,161,075	(3,072,534)
Taxation	9	(35,921)	(1,868,711)
Profit / (loss) on ordinary activities after taxation		27,125,154	(4,941,245)
Minority interest	20	–	(149,225)
Profit / (loss) for the financial year attributable to members of the parent company	17	27,125,154	(5,090,470)

Note of historical cost profits and losses

for the year ended 31 December 2006

		2006 £	2005 £
Reported profit / (loss) on ordinary activities before taxation		27,125,154	(3,072,534)
Realisation of property valuation gains of prior years	17	–	6,370,723
Historical cost profit on ordinary activities before taxation		27,125,154	3,298,189
Historical cost profit for the year retained after taxation and minority interest		27,125,154	1,280,253

Consolidated statement of total recognised gains and losses

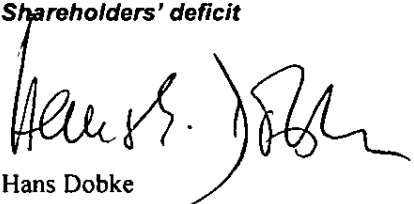
for the year ended 31 December 2006

	<i>Notes</i>	<i>2006</i> £	<i>2005</i> £
Profit/(loss) for the year	17	27,125,154	(5,090,470)
Exchange difference on retranslation of net assets of subsidiary undertakings	17	353,192	1,692,452
Total recognised gains and losses relating to the year		<u>27,478,346</u>	<u>(3,398,018)</u>


Consolidated balance sheet

at 31 December 2006

	Notes	2006 £	2005 £
Current assets			
Debtors	12	2,743,032	3,038,163
Cash at bank and in hand		553,278	10,546,237
		<u>3,296,310</u>	<u>13,584,400</u>
Creditors amounts falling due within one year	13	(1,775,464)	(39,578,477)
		<u>1,520,846</u>	<u>(25,994,077)</u>
Net current assets / (liabilities)			
Creditors amounts falling due after more than one year	14	(6,277,561)	(6,240,984)
		<u>(4,756,715)</u>	<u>(32,235,061)</u>
Capital and reserves			
Called up share capital	16	50,000	50,000
Profit and loss account	17	(4,806,715)	(32,285,061)
		<u>(4,756,715)</u>	<u>(32,235,061)</u>
Shareholders' deficit	17	(4,756,715)	(32,235,061)



Hans Dobke
Director



Barry Porter
Director

23 JUN 2008

Company balance sheet

at 31 December 2006

	Notes	2006 £	2005 £
Current assets			
Investments	11	2	2
Debtors	12	118,733	10,074,388
Cash at bank and in hand		8	58
		<u>118,743</u>	<u>10,074,448</u>
Creditors amounts falling due within one year	13	(67,273)	(35,159,364)
		<u>51,470</u>	<u>(25,084,916)</u>
Net current assets / (liabilities)			
Creditors amounts falling due after more than one year	14	(6,277,561)	(6,240,984)
		<u>(6,226,091)</u>	<u>(31,325,900)</u>
Capital and reserves			
Called up share capital	16	50,000	50,000
Profit and loss account	17	(6,276,091)	(31,375,900)
Shareholders' deficit: equity	17	<u>(6,226,091)</u>	<u>(31,325,900)</u>

Hans Dobke
Director

Barry Porter
Director

23 JUN 2008

Notes to the financial statements

at 31 December 2006

1. Accounting policies

Accounting convention

The financial statements have been prepared on the break-up basis in accordance with applicable accounting standards to reflect the intention of the directors to wind up the group after the disposal of majority of its operations in 2005

Basis of consolidation

The group financial statements consolidate the accounts of OCI Holdings Limited and all its subsidiary undertakings for the year ended 31 December 2006

No profit and loss account is presented for OCI Holdings Limited as permitted by Section 230 of the Companies Act 1985

Statement of cash flows

The directors have taken advantage of the exemption in paragraph 5(a) of Financial Reporting Standard 1 (revised) from producing a cash flow statement

Investments

The investment in subsidiaries is stated at cost. The carrying value of investments is reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Investment properties

Investment properties are revalued at the end of each accounting period, the aggregate surplus or deficit insofar as it is not deemed to be permanent, is transferred to revaluation reserve

Investment properties will include undeveloped land at existing sites

In accordance with Statement of Standard Accounting Practice No 19, no depreciation or amortisation is provided in respect of either freehold or long leasehold investment properties. This constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their economic life, but in the opinion of the directors is necessary to enable the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Notes to the financial statements

at 31 December 2006

1. Accounting policies (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Group

On consolidation, the balance sheets of the overseas subsidiaries are translated to Great Britain sterling pounds at the year end rate of exchange. The profit and loss accounts are translated at the average rate of exchange for the relevant periods. The exchange differences arising are taken directly to reserves.

2. Turnover

All turnover (stated net of value added tax) from third parties is derived from activities as a specialist developer and operator of factory outlet centres and retail sales. An analysis of turnover by geographical market and income type is shown below.

	2006 Germany Discontinued £	2005 Germany Discontinued £
Tenant rental and service charge income	–	3,863,256

3. Administrative expenses

	2006 Discontinued £	2005 Discontinued £
Administrative expenses		
- Other	458,419	3,872,364

4. Operating profit / (loss)

This is stated after charging / (crediting)

	2006 £	2005 £
Auditors' remuneration - audit services	29,040	71,412
- non - audit services	3,000	8,000
Depreciation of owned fixed assets	–	41,854
Impairment of goodwill	–	87,031
Operating lease rentals - land and buildings	–	11,537
Loss/(profit) on foreign exchange	483,534	(575,399)
Write off of loan	(28,638,124)	–

Notes to the financial statements

at 31 December 2006

5. Directors' remuneration

	2006 £	2005 £
Emoluments	–	118,259

Directors' remuneration in year 2005 refers to payments made to Hans Dobke for services rendered via Outlet Centres International UK Ltd, which exited the group on 15 September 2005

6. Staff costs

The average monthly number of persons employed in the year (excluding directors) was nil (2005 - 10), who were involved in the management and administration of the company's operations

	2006 £	2005 £
Excluding directors		
Wages and salaries	–	545,215
Social security costs	–	92,230
Other pension costs	–	7,113
	–	644,558

7. Interest receivable

	2006 £	2005 £
Bank interest receivable	41,715	10,957
Interest on intercompany loan	10,366	–
	52,081	10,957

8. Interest payable

	2006 £	2005 £
Loan interest	1,070,711	3,064,624

Notes to the financial statements

at 31 December 2006

9. Taxation

(a) Analysis of charge in year

	2006 £	2005 £
<i>Current tax</i>		
Foreign tax		
Current year	35,921	1,868,711
Adjustment in respect of prior period	—	—
Total current tax (note 9b)	35,921	1,868,711
Total deferred tax	—	—
Total tax charge for the year	35,921	1,868,711

(b) Factors affecting tax for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below

	2006 £	2005 £
Profit / (loss) on ordinary activities before tax	27,161,075	(3,072,534)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	8,148,323	(921,760)
<i>Effects of</i>		
Expenses not deductible for tax purposes	—	396,841
Depreciation in advance of capital allowances	—	1,572
Lower rate of tax on overseas earnings	—	(1,193,014)
Chargeable gains in excess of book gains	—	4,857,870
Other timing differences	—	104,030
Losses carried forward	479,035	624,323
Loss utilised	—	(2,001,151)
Loan waiver not deductible	(8,591,437)	—
Current tax for the year (note 9(a))	35,921	1,868,711

Notes to the financial statements

at 31 December 2006

10. Intangible fixed assets

<i>Group</i>	<i>Goodwill £</i>
Cost	
At 1 January 2006 and 31 December 2006	2,844,833
Amortisation	
At 1 January 2006 and 31 December 2006	2,844,833
Net book value	
At 1 January 2006 and 31 December 2006	–

11. Investments

<i>Company</i>	<i>Shares in subsidiary undertaking £</i>
Cost and net book value	
At 1 January 2006 and 31 December 2006	2

Details of the investments in which the company holds at least 20% of the nominal value of any class of share capital are as follows

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares</i>	<i>Nature of business</i>
Outlet Centres Limited	Ordinary shares	100%	Holding company
Outlet Centres International BV	Ordinary shares	100%	Holding company
* Outlet Centres International GmbH	Ordinary shares	100%	Holding company
~ Zweibrücken Outlet Village Beteiligungs GmbH	Ordinary 'A' shares	100%	General Partner
~ Designer Outlet Brandenburg GmbH	Ordinary shares	100%	Property development and investment

* Shares are held by Outlet Centres International BV

~ Shares are held by Outlet Centres International GmbH

Outlet Centres International BV is incorporated in the Netherlands

Zweibrücken Outlet Village GmbH & Co KG is registered in Germany. Outlet Centres International GmbH, Zweibrücken Outlet Village Beteiligungs GmbH and Designer Outlet Brandenburg GmbH are incorporated in Germany.

On 8 September 2005, the company's loan to its subsidiary undertaking, Outlet Centres International UK Ltd, of £13,075,357 (including accrued interest) was capitalised into 1,000,000 ordinary shares at £1 each, issued at a premium of £12,075,357.

Notes to the financial statements

at 31 December 2006

On 15 September 2005, the company sold Outlet Centres International UK Ltd to the Trustees of The Dobke Settlement for £2. Hans Dobke, a director and beneficial shareholder of the company, is a beneficiary of The Dobke Settlement.

In 2005, the group bought the minority interest (25%) in its subsidiary undertakings Zweibrücken Outlet Village Brandenburg GmbH (general partner) and Zweibrücken Outlet Village GmbH & Co KG (partnership which owned the asset base), at a value of £1,819,284 (€2,661,250). On 2 December 2005, the group sold the entire asset base of its German venture Zweibrücken Outlet Village GmbH & Co KG, to a third party for €52.5 million (approximately £36.0 million).

Following the sale of its German venture in year 2005, the group has begun the process of winding up its operations and therefore the financial statements are prepared on the break-up basis.

12. Debtors

	<i>Group</i>		<i>Company</i>	
	2006	2005	2006	2005
	£	£	£	£
Amounts falling due within one year				
Amounts due from subsidiary undertakings	–	–	76,271	10,002,251
Trade debtors	–	111,887	–	–
Deferred consideration receivable on sale of assets	2,692,859	2,745,084	–	–
Other debtors	50,173	181,192	42,462	72,137
	<u>2,743,032</u>	<u>3,038,163</u>	<u>118,733</u>	<u>10,074,388</u>

13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2006	2005	2006	2005
	£	£	£	£
Trade creditors	58,584	69,941	–	21,504
Other taxes and social security costs	345,893	1,982,033	–	–
Corporation tax	35,921	–	35,921	–
Deferred consideration payable on acquisition of minority shareholder	–	960,779	–	–
Deferred consideration payable on purchase of new land from minority shareholder	938,873	960,780	–	–
Other creditors	340,578	278,222	–	–
Accruals	55,615	225,287	33,352	36,425
Secured loan	–	35,101,435	–	35,101,435
	<u>1,775,464</u>	<u>39,578,477</u>	<u>67,273</u>	<u>35,159,364</u>

In September 2006 Mable Commercial Funding Ltd, a wholly owned subsidiary of Lehman Brothers Holdings Inc, the company's ultimate parent undertaking, wrote-off all outstanding debt owed by the company, amounting to £28,638,124. The multi-currency loan was repayable on demand from 16 February 2004 and was secured by debenture over the assets of OCI Holdings Limited and its wholly owned subsidiary undertakings.

Notes to the financial statements

at 31 December 2006

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

	<i>Group and Company</i>	
	<i>2006</i>	<i>2005</i>
	£	£
Unsecured loan stock maturing 16 February 2009	6,277,561	6,240,984

The unsecured loan stock is due to the shareholders of the company. The loan stock shall be repaid in full on the maturity date and interest is charged at 5% per annum above LIBOR. The maturity date means the earlier of (i) the date of an agreed exit, (ii) the date on which the shareholders' agreement terminates, and (iii) 16 February 2009.

15. Loans

	<i>Group and Company</i>	
	<i>2006</i>	<i>2005</i>
	£	£
Amounts falling due		
In one year or less, or on demand	–	35,101,435
In more than 2 years but not more than 5 years	6,277,561	6,240,984
	<u>6,277,561</u>	<u>41,342,419</u>

16. Share capital

	<i>Authorised</i>	
	<i>2006</i>	<i>2005</i>
	£	£
Ordinary 'A' shares of £1 each	45,000	45,000
Ordinary 'B' shares of £1 each	5,000	5,000
	<u>50,000</u>	<u>50,000</u>

	<i>Allotted, called up and fully paid</i>			
	<i>2006</i>		<i>2005</i>	
	No	£	No	£
Ordinary 'A' shares of £1 each	45,000	45,000	45,000	45,000
Ordinary 'B' shares of £1 each	5,000	5,000	5,000	5,000
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

Both ordinary 'A' shares of £1 each and ordinary 'B' shares of £1 each have proportional rights for voting and distribution of profits. However, the ordinary 'B' shares have the right to earn additional voting rights and distribution of profits if certain return requirements are met. Ordinary 'B' shareholders may also subscribe for further unsecured loan stock at a fixed price which will entitle them to enhanced voting rights and distribution of profits if certain return requirements are met.

Notes to the financial statements

at 31 December 2006

17. Reconciliation of shareholders' deficit and movements on reserves

<i>Group</i>	<i>Share capital</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£
At 1 January 2005	50,000	6,370,723	(35,257,766)	(28,837,043)
Loss for the year	–	–	(5,090,470)	(5,090,470)
Exchange difference on retranslation of net assets of subsidiary undertakings	–	–	1,692,452	1,692,452
Disposal of investment properties	–	(6,370,723)	6,370,723	–
At 31 December 2005	50,000	–	(32,285,061)	(32,235,061)
Profit for the year	–	–	27,125,154	27,125,154
Exchange difference on retranslation of net assets of subsidiary undertakings	–	–	353,192	353,192
At 31 December 2006	50,000	–	(4,806,715)	(4,756,715)

<i>Company</i>	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 January 2005	50,000	(30,459,751)	(30,409,751)
Loss for the year	–	(916,149)	(916,149)
At 31 December 2005	50,000	(31,375,900)	(31,325,900)
Profit for the year	–	25,099,809	25,099,809
At 31 December 2006	50,000	(6,276,091)	(6,226,091)

18. Result attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £25,099,809 (2005 - loss £916,149)

19. Transactions with directors

The directors have the following interests in the unsecured loan stock (note 14) due to mature on 16 February 2009

	<i>Unsecured loan stock</i>	
	<i>2006</i>	<i>2005</i>
	£	£
Binus Invest AB (resigned 1 December 2005)	384,106	384,106

Hans Dobke is a beneficiary of The Dobke Settlement which holds £93,021 of unsecured loan stock (£93,021 as at 31 December 2005)

Lehman Brothers Holdings Plc nominates directors to the company and holds £2,612,500 of unsecured loan stock (£2,612,500 as at 31 December 2005)

Notes to the financial statements

at 31 December 2006

20. Minority interest

The movement in minority interests is as follows

	£
At 1 January 2005	1,583,028
Share of surplus profits attributed to minority shareholding	149,225
Acquisition of minority interest	(1,732,253)
	<hr/>
At 31 December 2005 and 31 December 2006	-

On 22 October 2005, the group acquired the minority interest for £1,819,284 (€2,661,250) resulting in a goodwill addition of £87,031

21. Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Lehman Brothers Holdings Inc, which is incorporated in the State of Delaware in the United States of America

The parent undertaking of the largest group in which the company is a member and for which group financial statements are prepared is Lehman Brothers Holdings Inc. The parent undertaking of the smallest group in which they are consolidated is Lehman Brothers Spain Holdings Limited. The consolidated financial statements of Lehman Brothers Holdings Inc and Lehman Brothers Spain Holdings Limited are available from 745 Seventh Avenue, New York, USA and from 25 Bank Street, London E14 5LE, respectively