

OCI Holdings Limited

Report and Financial Statements

31 December 2004



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 2004.

Results and dividends

The loss for the year, after taxation and minority interest, amounted to £1,742,202 (2003 - loss £5,434,223). The directors do not recommend the payment of an ordinary dividend for the year which leaves a loss of £1,742,202 (2003 - loss £5,434,223) to be retained.

Principal activity 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, the group strengthened its premier tenant/brand mix by reaching over 98% occupancy levels (2003 - approximately 96%) at Zweibrucken Outlet Village GmbH & Co. KG (Germany). Compared to year 2003, overall tenant turnover levels increased by approximately 23% whilst visitor numbers/footfall increased by approximately 3%.

On 1 July 2004, the group's German venture Zweibrucken Outlet Village GmbH & Co. KG successfully secured planning consent for a total of 28,444 square metres to enable further expansion to the current scheme. The current scheme occupies 14,423 square metres, paving the way for expansion of approximately 14,021 square metres.

In July 2004 the group sold its Scandinavian companies, Arlandastad Outlet Village AB (together with its new venture, 'At Home') and Fashion Brands AB (the retail company trading out of Arlandastad Outlet Village AB), to Aareal Bank AG (senior financier to the venture) for SEK1.

Directors and their interests

The directors who served during the year were as follows:

Binus Invest AB	(resigned 1 December 2005)
Hans Dobke	
Michael Capaccio	(resigned 17 January 2005)
Peter Gamester	(resigned 2 August 2005)
Peter Sherratt	(resigned 1 December 2005)
Andrew Pettit	(resigned 29 January 2004)
Wilson Lee	(resigned 15 July 2004)
James Blakemore	(appointed 15 July 2004; resigned 1 December 2005)
Nicholas Hill	(appointed 29 January 2004; resigned 1 December 2005)
Barry Porter	(appointed 15 July 2004)

The interests of the directors in the share capital of the company at the end of the year were as follows:

	<i>Ordinary 'B' shares of £1 each 2004</i>	<i>Ordinary 'B' shares of £1 each 2003</i>
Binus Invest AB	3,177	3,177

Hans Dobke is a beneficiary of The Dobke Settlement which holds 769 ordinary 'B' shares of £1 each.

Lehman Brothers Holdings Plc nominated Andrew Pettit, Wilson Lee, Peter Sherratt, Peter Gamester, Michael Capaccio, James Blakemore, Nicholas Hill and Barry Porter as directors of the company, and holds 45,000 ordinary 'A' shares of £1 each.

Directors' report

Directors and their interests (continued)

The interests of the directors in the unsecured loan stock of the company at the end of the year were as follows:

	<i>Unsecured loan stock</i>	
	<i>2004</i>	<i>2003</i>
	<i>£</i>	<i>£</i>
Binus Invest AB	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 2003).

Lehman Brothers Holdings Plc holds £2,612,500 of unsecured loan stock (£2,612,500 as at 31 December 2003).

Post balance sheet events

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 of £1 each, issued at a premium of £12,075,357.

On 15 September 2005 the company sold Outlet Centres International UK Ltd to The Trustees of The Dobke Settlement for £2.00. Hans Dobke, a director and beneficial shareholder of the company, is a beneficiary of The Dobke Settlement.

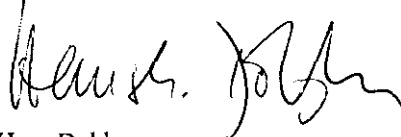
On 2 December 2005 the group sold its German venture, Zweibrucken Outlet Village GmbH & Co. KG, in which the group holds a majority stake, to a third-party for €52.5m (approximately £37.2m).

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.

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

15 MAR 2006

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss 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 group 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 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 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's financial statements for the year ended 31 December 2004 which comprise the Consolidated profit and loss account, Consolidated statement of total recognised gains and losses, Consolidated balance sheet, Balance sheet and the related notes 1 to 27. These financial statements have been prepared on the basis of the accounting policies set out therein. The financial statements have been prepared on a break-up basis.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 group's circumstances, consistently applied and adequately disclosed.

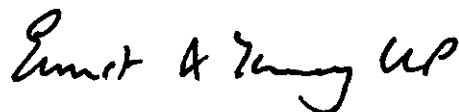
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 of the state of affairs of the company and of the group as at 31 December 2004 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

15 MAR 2006

Consolidated profit and loss account

for the year ended 31 December 2004

	<i>Notes</i>	<i>2004</i> £	<i>2003</i> £
Turnover			
Continuing operations		3,752,501	3,270,712
Discontinued operations		348,325	798,621
	2	4,100,826	4,069,333
Cost of sales	4	(100,752)	(190,334)
Gross profit		4,000,074	3,878,999
Administrative expenses - other		(3,935,958)	(4,809,590)
- exceptional	3	-	(1,415,797)
Total administrative expenses	4	(3,935,958)	(6,225,387)
Operating profit/(loss)			
Continuing operations		(77,930)	(1,419,164)
Discontinued operations		142,046	(927,224)
		64,116	(2,346,388)
Profit on disposal of subsidiary undertakings	12	1,194,219	-
Interest receivable	8	4,375	3,252
Interest payable	9	(3,041,630)	(3,372,953)
Loss on ordinary activities before taxation		(1,778,920)	(5,716,089)
Taxation	10	(112)	-
Loss on ordinary activities after taxation		(1,779,032)	(5,716,089)
Minority interest	26	36,830	281,866
Loss for the financial year attributable to members of the company	20	(1,742,202)	(5,434,223)

Consolidated statement of total recognised gains and losses

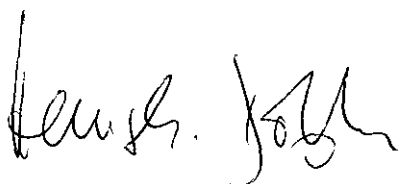
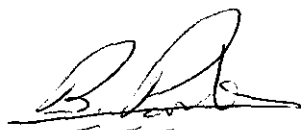
for the year ended 31 December 2004

	Notes	2004 £	2003 £
Loss for the year	20	(1,742,202)	(5,434,223)
Exchange difference on retranslation of net assets of subsidiary undertakings		(5,500)	(1,770,743)
Revaluation of investment properties	12, 20	(2,065,168)	2,351,989
Total recognised gains and losses relating to the year	20	<u>(3,812,870)</u>	<u>(4,852,977)</u>

Consolidated balance sheet

at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	12	–	39,046,297
		–	39,046,297
Current assets			
Tangible assets	12	28,455,984	–
Stocks	14	–	36,395
Debtors	15	1,325,010	2,049,571
Cash at bank and in hand		264,555	581,335
		30,045,549	2,667,301
Creditors: amounts falling due within one year	16	35,513,608	42,009,592
Net current liabilities		(5,468,059)	(39,342,291)
Total assets less current liabilities		(5,468,059)	(295,994)
Creditors: amounts falling due after more than one year	17	21,785,956	22,223,253
		(27,254,015)	(22,519,247)
Capital and reserves			
Called up share capital	19	50,000	50,000
Revaluation reserve	20	6,370,723	8,435,891
Profit and loss account	20	(35,257,766)	(33,510,064)
Shareholders' deficit: equity	20	(28,837,043)	(25,024,173)
Minority interest: equity	26	1,583,028	2,504,926
		(27,254,015)	(22,519,247)

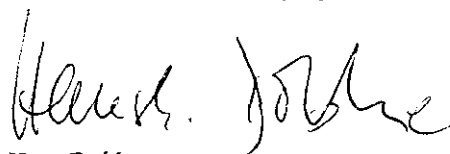
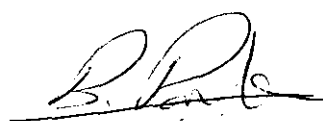

Hans Dobke
Director

Barry Porter
Director

15 MAR 2006

Balance sheet

at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Investments	13	—	4
Current assets			
Investments	13	4	—
Debtors:			
amounts falling due after one year	15	9,390,560	9,075,297
amounts falling due within one year	15	5	5
Cash at bank and in hand		58	62
		<u>9,390,627</u>	<u>9,075,364</u>
Creditors: amounts falling due within one year	16	34,136,712	31,330,265
		<u>(24,746,085)</u>	<u>(22,254,901)</u>
Net current liabilities			
		<u>(24,746,085)</u>	<u>(22,254,897)</u>
Total assets less current liabilities			
		<u>(24,746,085)</u>	<u>(22,254,897)</u>
Creditors: amounts falling due after more than one year	17	5,663,666	5,154,196
		<u>(30,409,751)</u>	<u>(27,409,093)</u>
Capital and reserves			
Called up share capital	19	50,000	50,000
Profit and loss account	20	(30,459,751)	(27,459,093)
Shareholders' deficit: equity	20	<u>(30,409,751)</u>	<u>(27,409,093)</u>


Hans Dobke
Director

Barry Porter
Director

15 MAR 2006

Notes to the financial statements

at 31 December 2004

1. Accounting policies

Accounting convention

The financial statements has been prepared on the break-up basis to reflect the intention of the directors to wind-up the group after the disposal of operations post year end. Accordingly, adjustments have been made to reduce the carrying value of assets to their estimated realisable amount to provide for further liabilities which arise, and to reclassify fixed assets as current assets.

Basis of consolidation

The group financial statements consolidate the accounts of OCI Holdings Limited and its subsidiary undertakings for the year ended 31 December 2004.

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.

Fixed asset 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.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation

Depreciation is provided on all tangible fixed assets except sites under development being held for investment, investment properties and land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Buildings	-	over 20 years
Furniture and fittings	-	over 4 years
Computer equipment	-	over 2 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 31 December 2004

1. Accounting policies (continued)

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.

Stocks

Stocks are stated at the lower of cost or net realisable value

Pension costs

The company contributes to personal pension schemes on behalf of certain staff. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

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.

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.

Notes to the financial statements

at 31 December 2004

1. Accounting policies (continued)

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 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.

Leasing commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

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:

	2004		2003	
	Germany	Sweden	Germany	Sweden
	Continuing	Discontinued	Continuing	Discontinued
	£	£	£	£
Tenant rental and service charge income	3,752,501	163,077	3,270,712	486,355
Retail sales	–	185,248	–	312,266
Group turnover	3,752,501	348,325	3,270,712	798,621

3. Exceptional expenses

	2004	2003
	£	£
Impairment of goodwill	–	1,415,797

An impairment provision was made at 31 December 2003 for the full book value of the goodwill.

Notes to the financial statements

at 31 December 2004

4. Cost of sales and administrative expenses

	2004			2003		
	<i>Continuing</i>	<i>Discontinued</i>	<i>Total</i>	<i>Continuing</i>	<i>Discontinued</i>	<i>Total</i>
	£	£	£	£	£	£
Cost of sales	–	100,752	100,752	–	190,334	190,334
Administrative expenses						
- Other	3,546,339	389,619	3,935,958	3,149,497	1,660,093	4,809,590
- Exceptional	–	–	–	1,415,797	–	1,415,797
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. Operating profit/(loss)

This is stated after charging/(crediting):

	2004	2003
	£	£
Auditors' remuneration - audit services	64,956	61,521
- non-audit services	9,037	39,421
Impairment of goodwill	–	1,415,797
Depreciation of owned fixed assets	105,506	189,918
Amortisation of goodwill	–	275,780
Profit on disposal of tangible fixed assets	–	(4,255)
Operating lease rentals - land and buildings	16,000	16,000
	<u> </u>	<u> </u>

6. Directors' remuneration

	2004	2003
	£	£
Emoluments	163,809	144,820
	<u> </u>	<u> </u>

The amounts in respect of the highest paid director are as follows:

	2004	2003
	£	£
Emoluments	163,809	144,820
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2004

7. Staff costs

The average monthly number of persons employed in the year (including directors) was 16 (2003 - 22), who were involved in the management and administration of the company's operations.

	2004 £	2003 £
Excluding directors:		
Wages and salaries	529,404	641,818
Social security costs	122,500	162,052
Other pension costs	15,733	28,603
	<u>667,637</u>	<u>832,473</u>

8. Interest receivable

	2004 £	2003 £
Bank interest receivable	4,375	3,252
	<u>4,375</u>	<u>3,252</u>

9. Interest payable and similar charges

	2004 £	2003 £
Loans	3,041,630	3,372,953
	<u>3,041,630</u>	<u>3,372,953</u>

10. Taxation

(a) Analysis of charge in year:

	2004 £	2003 £
Adjustment in respect of prior period	112	—
Total deferred tax	<u>—</u>	<u>—</u>
Total tax charge for the year	<u>112</u>	<u>—</u>

Notes to the financial statements

at 31 December 2004

10. Taxation (continued)

(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:

	2004 £	2003 £
Loss on ordinary activities before tax	(1,778,920)	(5,716,089)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 - 30%)	(533,676)	(1,714,827)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	146,310	622,584
Depreciation in advance of capital allowances	(3,188)	1,493
Other timing differences	—	103,650
Adjustment in respect of prior years	112	—
Losses carried forward	390,554	987,100
Current tax for the year (note 10(a))	112	—

(c) Factors that may affect future tax charges

The group has tax losses arising in the UK of approximately £9.6m (2003 - £8.6m) that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. In addition, the group has tax losses of approximately £22m (2003 - £15m) arising in overseas subsidiaries that are available for offset against future taxable profits in those countries. Deferred tax assets have not been recognised in respect of these losses as the recognition criteria in FRS 19 have not been met.

11. Intangible fixed assets

<i>Group</i>	<i>Goodwill</i> £
Cost:	
At 1 January 2004 and 31 December 2004	2,757,802
Amortisation:	
At 1 January 2004 and 31 December 2004	2,757,802
Net book value:	
At 1 January 2004 and 31 December 2004	—

Notes to the financial statements

at 31 December 2004

12. Tangible fixed assets

Group

	<i>Investment properties</i>	<i>Land and buildings</i>	<i>Furniture and fittings</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£	£
Cost or valuation:					
At 1 January 2004	37,600,346	2,346,859	737,530	72,246	40,756,981
Additions	106,042	—	23,853	8,580	138,475
Deficit on revaluation	(2,950,237)	—	—	—	(2,950,237)
Exchange differences	(216,829)	(153,672)	(13,543)	161	(383,883)
Disposal of subsidiaries	(6,412,286)	(2,193,187)	(293,101)	—	(8,898,574)
At 31 December 2004	28,127,036	—	454,739	80,987	28,662,762
Depreciation:					
At 1 January 2004	—	1,327,003	319,033	64,648	1,710,684
Provided during the year	—	30,411	69,538	5,557	105,506
Exchange differences	—	(99,252)	(11,583)	103	(110,732)
Disposal of subsidiaries	—	(1,258,162)	(240,518)	—	(1,498,680)
At 31 December 2004	—	—	136,470	70,308	206,778
Net book value:					
At 31 December 2004	28,127,036	—	318,269	10,679	28,455,984
At 1 January 2004	37,600,346	1,019,856	418,497	7,598	39,046,297

Tangible assets have been included within current assets at 31 December 2004, as the financial statements have been prepared on the break-up basis.

In July 2004 the group sold its Scandinavian companies, Arlandastad Outlet Village AB (together with its venture, 'At Home') and Fashion Brands AB (the retail company trading out of Arlandastad Outlet Village AB), to Aareal Bank AG (senior financier to the venture) for SEK1.

The disposal is analysed as follows:

	2004 £
Investment properties	6,412,286
Tangible assets	987,608
Stock	33,013
Debtors	236,241
Cash	30,867
Creditors: amounts falling due within one year	(8,894,234)
Net liabilities of disposed subsidiary undertakings	(1,194,219)
Less: Sale proceeds (SEK1)	—
Profit on disposal of subsidiary undertakings	(1,194,219)

Notes to the financial statements

at 31 December 2004

12. Tangible fixed assets (continued)

The tax effect in the profit and loss account relating to the exceptional items recognised below operating profit is a £ nil.

As at 31 December 2004, Zweibrücken Outlet Village Gmbh & Co. KG (ZOV) is classified as 'Investment Properties' and reported at valuation. In the directors' opinion, substantiated by a third-party bid to purchase the asset, the investment property is valued at €52.5m (£37.2m) as at 31 December 2004. The following should be noted in relation to the accounting and reporting of the results of the valuation:

	€ m	£ m
ZOV investment property at valuation	52.5	37.2
Less: Costs associated with the sale of assets	(1.7)	(1.2)
Less: Capital gains tax associated with the sale of assets	(2.5)	(1.8)
	<hr/>	<hr/>
ZOV investment property at valuation net of associated costs & tax liabilities	48.3	34.2
Less: deferred cost of land * (see note below)	(3.8)	(2.7)
Less: cost of purchase of additional land ** (see note below)	(4.8)	(3.4)
	<hr/>	<hr/>
Investment property at valuation after adjusting for deferred cost of land	39.7	28.1
Investment property at historical cost	26.8	19.0
	<hr/>	<hr/>
Surplus on valuation	12.9	9.1
	<hr/>	<hr/>

*Note - Deferred cost of land:

Of the total cost of land of the project, an amount of €3.8m (£2.7m) falls due only upon sale of property. This deferred cost has not been included in the carrying value of the land and the associated liability has not been recognised.

**Note - Cost of purchase of additional land

€4.8m (£3.4m) relates to the purchase price of additional (undeveloped) land from the land owner Aircity Gmbh & Co. KG, also the minority shareholder in the German venture, Zweibrücken Outlet Village Gmbh & Co. KG. Of the overall valuation of €52.5m, an amount of €7.5m is attributable to this extra land.

Any movements arising from the valuation of this property has been taken direct to the revaluation reserve.

13. Fixed asset investments

	Shares in subsidiary undertaking £
Cost and net book value:	
At 1 January 2004 and 31 December 2004	4
	<hr/>

Notes to the financial statements

at 31 December 2004

13. Fixed asset investments (continued)

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 (UK) Limited	Ordinary shares	100%	Management services
Outlet Centres International BV	Ordinary shares	100%	Holding company
* Outlet Centres International GmbH	Ordinary shares	100%	Holding company
~ Zweibrücken Outlet Village GmbH & Co. KG (Partnership)	Partnership share	75%	Property development and investment
~ Zweibrücken Outlet Village Beteiligungs GmbH	Ordinary 'A' shares	75%	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.

14. Stocks

Stocks represent those held by Fashion Brands AB, the retail operation trading out of Arlandastad Outlet Village AB, prior to its disposal during the year.

<i>2004</i>	<i>2003</i>
<i>£</i>	<i>£</i>
–	36,395

Notes to the financial statements

at 31 December 2004

15. Debtors

	2004	Group 2003	2004	Company 2003
	£	£	£	£
Amounts falling due after one year:				
Amounts due from subsidiary undertakings	–	–	9,390,560	9,075,297
Amounts falling due within one year:				
Trade debtors	173,559	181,832	–	–
Other debtors	11,572	250,158	5	5
Prepayments and accrued income	1,139,879	1,617,581	–	–
	1,325,010	2,049,571	5	5

16. Creditors: amounts falling due within one year

	2004	Group 2003	2004	Company 2003
	£	£	£	£
Bank overdraft	–	82	–	–
Trade creditors	64,519	234,636	–	–
Other taxes and social security costs	29,300	45,092	–	–
Other creditors	125,507	333,011	2	2
Accruals	192,783	887,772	28,400	24,700
Secured loan	35,101,499	40,508,999	34,108,310	31,305,563
	35,513,608	42,009,592	34,136,712	31,330,265

The total secured loans repayable within one year is analysed as follows:

- (a) £993,189 (€1.4m) is due to DG Hypotheken Bank AG, under the amortisation programme for Zweibrücken Outlet Village GmbH & Co. KG - see further details under note 17.
- (b) £34,108,310 is due to Mable Commercial Funding Ltd, a wholly owned subsidiary of Lehman Brothers Holdings Inc., the company's ultimate parent undertaking. The multi-currency loan is repayable on demand from 16 February 2004 and is secured by debenture over the assets of OCI Holdings Limited and its wholly owned subsidiary undertakings. Interest is charged on the loan at 3% per annum above LIBOR and EURIBOR.

Notes to the financial statements

at 31 December 2004

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

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	£	£	£	£
Secured loan - maturing 30 July 2015	14,256,367	15,314,766	–	–
Unsecured loan stock maturing 16 February 2009	5,663,666	5,154,196	5,663,666	5,154,196
Unsecured loan	1,865,923	1,754,291	–	–
	<u>21,785,956</u>	<u>22,223,253</u>	<u>5,663,666</u>	<u>5,154,196</u>

The secured loan maturing on 30 July 2015 is due to DG Hypotheken Bank AG (formerly Deutsche Genossenschaftsbank AG), the third party financier to Zweibrücken Outlet Village GmbH & Co. KG. The loan is secured on the project in Zweibrücken, Germany (registration of land with first priority). Interest is charged at 1% per annum above EURIBOR.

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.

The unsecured loan is due to Aircity GmbH & Co. KG, a partnership registered in Germany, which holds a minority share in Zweibrücken Outlet Village GmbH & Co. KG. Interest is charged at 3.25% per annum above EURIBOR.

18. Loans

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	£	£	£	£
Amounts falling due:				
In one year or less, or on demand	35,101,499	40,508,999	34,108,310	31,305,563
In more than 2 years but not more than 5 years	5,663,666	–	5,663,666	–
In more than 5 years	16,122,290	22,223,253	–	5,154,196
	<u>56,887,455</u>	<u>62,732,252</u>	<u>39,771,976</u>	<u>36,459,759</u>

Notes to the financial statements

at 31 December 2004

19. Share capital

	2004	2003	2004	Authorised 2003
	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>
	2004	2003	2004	2003
	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>5,000</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.

20. Reconciliation of shareholders' deficit and movements on reserves

Group	Share capital	Revaluation reserve	Profit and loss account	Total
	£	£	£	£
At 31 December 2002	50,000	6,083,902	(26,305,098)	(20,171,196)
Loss for the year	-	-	(5,434,223)	(5,434,223)
Exchange difference on retranslation of net assets of subsidiary undertakings	-	-	(1,770,743)	(1,770,743)
Revaluation of investment properties	-	2,351,989	-	2,351,989
At 31 December 2003	50,000	8,435,891	(33,510,064)	(25,024,173)
Loss for the year	-	-	(1,742,202)	(1,742,202)
Exchange difference on retranslation of net assets of subsidiary undertakings	-	-	(5,500)	(5,500)
Revaluation of investment properties	-	(2,065,168)	-	(2,065,168)
At 31 December 2004	50,000	6,370,723	(35,257,766)	(28,837,043)

Notes to the financial statements

at 31 December 2004

20. Reconciliation of shareholders' deficit and movements on reserves (continued)

<i>Company</i>	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 31 December 2002	50,000	(24,072,908)	(24,022,908)
Loss for the year	—	(3,386,185)	(3,386,185)
At 31 December 2003	50,000	(27,459,093)	(27,409,093)
Loss for the year	—	(3,000,658)	(3,000,658)
At 31 December 2004	50,000	(30,459,751)	(30,409,751)

21. Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company was £3,000,658 (2003 - £3,386,185).

22. Other financial commitments

At 31 December 2004 the group had no annual commitments under non-cancellable operating leases (2003 - £nil).

23. Transactions with directors

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

	<i>Unsecured loan stock</i>	
	<i>2004</i>	<i>2003</i>
	<i>£</i>	<i>£</i>
Binus Invest AB	384,106	384,106

Hans Dobke is a beneficiary of The Dobke Settlement which holds £93,021 of unsecured loan stock (2003-£93,021).

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 2003).

24. Related party transactions

At the year end the company had the following balances with the following related parties in which the group has an equity interest of less than 90% during the year:

<i>Company</i>	<i>2004</i>	<i>2003</i>
	<i>£</i>	<i>£</i>
Amounts included within debtors: amounts falling due after one year:		
Loans to Zweibrücken Outlet Village GmbH & Co. KG		
- Principal	5,876,665	5,590,135
- Accrued Interest	2,034,341	1,444,477
	7,911,006	7,034,612

Notes to the financial statements

at 31 December 2004

25. Capital commitments

As at 31 December 2004, the group had no capital commitments (2003 - £nil).

26. Minority interest

The movement in minority interests is as follows:

	£
At 1 January 2004	2,504,926
Share of losses attributed to minority interest	(36,830)
Share of revaluation deficit attributed to minority interest	(905,229)
Exchange difference	20,161
	<hr/>
At 31 December 2004	1,583,028
	<hr/>

27. 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.