

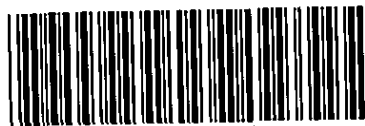
CASTLEPOINT NOMINEE LIMITED

Registered Number 03393551

FOR THE YEAR ENDED 31 DECEMBER 2011

REPORT AND FINANCIAL STATEMENTS

WEDNESDAY



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CASTLEPOINT NOMINEE LIMITED
Report and Financial Statements for the year ended 31 December 2011

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CASTLEPOINT NOMINEE LIMITED
Report and Financial Statements for the year ended 31 December 2011

Directors

DG Paine
MB Watt
D McHugh
RM Hannigan – D G Paine's alternate director

Secretary

D J Burns (Appointed 01 August 2010)

Registered office

55 Colmore Row
Birmingham
B3 2AS

Legal advisors

Wragge & Co
55 Colmore Row
Birmingham
B3 2AS

Auditors

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

CASTLEPOINT NOMINEE LIMITED
Report and Financial Statements for the year ended 31 December 2011

Directors' Report

The directors have pleasure in submitting their report together with the financial statements of Castlepoint Nominee Limited (registration number 3393551) for the year ended 31 December 2011

Principal activity and review of the business

The Company acts as nominee in connection with the activities of Castlepoint Limited Partnership. The Company did not carry on any trade on its own behalf during the year.

No income was receivable nor expenses payable in respect of the year (2010 £nil) and, accordingly no profit and loss account has been presented for the year. The directors do not recommend the payment of a dividend (2010 £nil).

Directors and secretary

The names of the directors and Secretary of the Company are listed on page 2.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

CASTLEPOINT NOMINEE LIMITED
Report and Financial Statements for the year ended 31 December 2011

Directors' Report continued

Statement of Directors' responsibilities in respect of the Directors' Report and financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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 Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



Director of Castlepoint Nominee Limited

M. WATT

Dated

27/4/12

CASTLEPOINT NOMINEE LIMITED
Report and Financial Statements for the year ended 31 December 2011

We have audited the financial statements of Castlepoint Nominee Limited for the year ended 31 December 2011 set out on pages 6 to 8. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors Responsibilities Statement set out on page 4, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

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 2011 and of its result for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Hugh Harvie (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG

Date *1 May 2012*

CASTLEPOINT NOMINEE LIMITED
Report and Financial Statements for the year ended 31 December 2011

Profit & Loss

During the financial year and preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor a loss.

Balance Sheet

As at 31 December 2011

| | 2011 | 2010 |
|--|----------|----------|
| | £ | £ |
| Current assets | | |
| Debtors – amounts due from parent undertaking | <u>2</u> | <u>2</u> |
| Net assets | <u>2</u> | <u>2</u> |
| Capital and reserves | | |
| | <u>2</u> | <u>2</u> |
| Ordinary shares of £1 each, authorised, allotted and called up | | |
| Total equity shareholders funds | <u>2</u> | <u>2</u> |

The financial statements were approved by the Board of Directors and signed on their behalf by



Director of Castlepoint Nominee Limited

D. PAINE

Dated 27/4/12

The notes on pages 7 to 8 form an integral part of the financial statements

CASTLEPOINT NOMINEE LIMITED
Report and Financial Statements for the year ended 31 December 2011

Notes to the Financial Statements

At 31 December 2011

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons

After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual financial statements

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

2. Directors

None of the directors received any remuneration during the period in respect of their services to the Company (2010 £nil)

3. Auditors' Fees

Audit fees are borne by Castlepoint Limited Partnership. No remuneration was payable to the Company's auditors in respect of non-audit services (2010 £nil)

CASTLEPOINT NOMINEE LIMITED
Report and Financial Statements for the year ended 31 December 2011

Notes to the Financial Statements

At 31 December 2011

4. Ultimate parent company

The Company's immediate parent company is Castlepoint General Partner Limited, a company registered in England and Wales. Copies of the accounts of Castlepoint General Partner Limited and the Company can be obtained from The Secretary, 55 Colmore Row, Birmingham, B3 2AS.

Castlepoint General Partner Limited is owned by Standard Life Investments Limited (75,000 'E' shares at 1p each and 25,000 'C' shares at 1p each).

The consolidated financial statements of Standard Life plc are available to the public and may be obtained from Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH. The consolidated financial statements of Standard Life Investments Limited can be obtained from 1 George Street, Edinburgh, EH2 2LL.

CASTLEPOINT LIMITED PARTNERSHIP

Limited Partnership No LP5457

FOR THE YEAR ENDED 31 DECEMBER 2011

REPORT AND FINANCIAL STATEMENTS

THESE PARTNERSHIP
ACCOUNT FORM
PART OF ACCOUNTS
OF COMPANY
No. 03393551

1. INFORMATION AND CONTACT DETAILS FOR THE PERSONS TO BE INTERVIEWED (NAME, ADDRESS, PHONE NUMBER, E-MAIL ADDRESS, ETC.)

IT IS THE POLICY OF THE
FEDERAL BUREAU OF INVESTIGATION
TO MAINTAIN THE CONFIDENTIALITY
OF THE INFORMATION CONTAINED
HEREIN

THESE ACCOUNTS
FORM PART OF THE
GROUP ACCOUNTS
OF COMPANY

CASTLEPOINT LIMITED PARTNERSHIP

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CASTLEPOINT LIMITED PARTNERSHIP

The Operator, General Partner, Nominee and Professional Advisers

Operator

Standard Life Investments (Corporate Funds) Limited
1 George Street
Edinburgh
EH2 2LL

Directors of the Operator

N K Skeoch (Chief Executive)
W R Littleboy
D Cumming
C Walklin
A P Watt

Secretary of the Operator

D J Burns

General Partner

Castlepoint General Partner Limited
55 Colmore Row
Birmingham
B3 2AS

Directors of the General Partner

D G Paine
M B Watt
D McHugh
R M Hannigan - D G Paine's alternate

Secretary of the General Partner

D J Burns

Nominee

Castlepoint Nominee Limited
55 Colmore Row
Birmingham
B3 2AS

Directors of the Nominee

D G Paine
M B Watt
D McHugh
R M Hannigan - D G Paine's alternate

CASTLEPOINT LIMITED PARTNERSHIP

The Operator, General Partner, Nominee and Professional Advisers (continued)

Secretary of the Nominee

D J Burns

Independent Auditor

KPMG LLP

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2EG

Legal Advisors

Wragge & Co

55 Colmore Row

Birmingham

B3 2AS

CASTLEPOINT LIMITED PARTNERSHIP

General Partner's Report

The General Partner presents its report and financial statements of the Castlepoint Limited Partnership ("the Partnership") for the year ended 31 December 2011

Incorporation

The Partnership was registered as a Limited Partnership under the Limited Partnership Act 1907 on 28 January 2004. The Partnership is managed by Castlepoint General Partner Limited, which is responsible for management decisions and the business affairs of the Partnership.

Results

The Partnership made a profit for the year of £13,250,909 (2010: £13,614,377)

Enhanced business review

The Partnership's principal activity during the period was the management, development and letting of an investment property, namely Castlepoint shopping centre in Bournemouth.

After the centre opened in October 2003 it was apparent that major defects were evident in the structure of the car park and walkways. More recently in circa 2009 defects were also discovered in the roofs. Castlepoint Limited Partnership and the contractor responsible for the original build, Kier plc, have agreed that the solution to the defects is to over roof the original roof at Castlepoint and to completely demolish and rebuild the car park and walkway over a phased basis whilst the centre remains operational. This is a solution which best mitigates losses and therefore maintains the centre's position in the hierarchy of the region.

Key performance indicators

The Partnership produced a total return of 6.6% for the 12 months to 31 December 2011 against a total return of 8.0% for the retail warehousing IPD annual index.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have an impact on the long term performance of the Partnership.

Car park

The Partnership remains in dialogue with the principal contractor, Kier PLC, and their public liability insurers in order to progress the documentation of a proposed Settlement Agreement. The car park itself is continually inspected and monitored by a representative from Kier and these records are checked by representatives of the Partnership. The programme for the rebuild works will be included within the technical solution of the Settlement Agreement. Please see note 7 to the financial statements for further detail on the car park position.

Tenant claims

All retailers qualified claims in relation to the previous closure in 2005 have now been settled by Kier and their insurers. The only live claims relate to future losses submitted by Marks & Spencer, W H Smith and Asda. Both Marks & Spencer and W H Smith have extended their stays to September 2012. Asda's stay expired on 31 July 2011 and currently remains outstanding. At the date of approval of these accounts, neither Marks & Spencer, W H Smith nor Asda have quantified their future loss.

CASTLEPOINT LIMITED PARTNERSHIP

General Partner's Report continued

Partnership claim for costs

The Partnership has notified the main contractor and their insurers that the Partnership has spent approximately £12m and continues to incur expenses as a result of the defects in the centre. Receipts totalling £3.87m have been received from the main contractor prior to the balance sheet date (these receipts are being treated as payments on account). These historic expenses to date are included in the overall agreement contained within the proposed Settlement Agreement but it should be noted however that there is no guarantee that all expenses incurred as a result of the construction will be fully recoverable.

Roof defects

Works to repair the roof were completed on the East and West Galleries and to both food anchor stores, Asda and Sainsbury's. A roof repair deed has been exchanged with Marks & Spencer and an engrossed deed is in circulation for signature with B&Q. The roof works to Marks & Spencer and B&Q are due to commence in Spring 2012 and complete in August 2012. All repairs costs have been borne by the main contractor and their insurers. The Partnership has incurred monitoring costs during the works and costs in relation to approving the repair scheme proposed by the main contractor. An offer has been made by the main contractor to compensate the Partnership for its costs in dealing with this matter, this offer is under consideration by the Partnership.

Property values

Conditions in the UK property market represent uncertainties in the operating environment rather than risks which can be managed. There are opportunities to move the asset forward in terms of value with new retailer demand, rent reviews and future development opportunities. These will however be affected by the defective car park and its rectification.

Planning and development

Planning consent for retail use has been established for the lower ground floor level however the Partnership have not commenced redevelopment or marketing of this area due to the uncertainty of the scope and timing of rebuilding the car park.

Tenant relationships

In the event of a tenant default or any other void period the Partnership would suffer a rental shortfall and incur additional expense until the property is relet. The Partnership seeks to minimise exposure to weak tenants in terms of covenant strength and continually monitors payment performance.

CASTLEPOINT LIMITED PARTNERSHIP

General Partner's Report continued

Partners' and their interests

The Partners at 31 December 2011 were as follows

| <i>Partner Name</i> | <i>Category</i> | <i>Admission Date</i> |
|---|----------------------------|-----------------------|
| Castlepoint General Partner Limited | General Partner | 24 June 1997 |
| Zurich Assurance Limited | Limited Partner (Ordinary) | 24 June 1997 |
| Standard Life Assurance Limited | Limited Partner (Ordinary) | 5 October 2001 |
| Sackville Tandem Property (GP) Limited | Limited Partner (Special) | 28 January 2004 |
| Standard Life Investments (General Partner EPGF) Limited | Limited Partner (Special) | 28 January 2004 |
| Kleinwort Benson (Channel Islands) Corporate Services Limited | Limited Partner (Ordinary) | 28 April 2005 |
| DV4 Properties Castlepoint Co Limited | Limited Partner (Ordinary) | 18 February 2010 |
| DV4 Properties Castlepoint No 2 UK Limited | Limited Partner (Special) | 18 February 2010 |

Individual Partners' interests are detailed in the breakdown of the Partners' capital loan and current accounts in note 9

Statement of Partners' Responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulation 2008 requires General Partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under the law the General Partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the General Partner 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 partnership and of the profit and loss of the partnership for that period.

In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

CASTLEPOINT LIMITED PARTNERSHIP

General Partner's Report continued

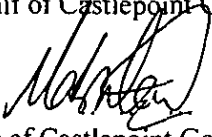
Disclosure of information to auditor

The partners who held office at the date of approval of this General Partner's Report confirm that, so far as they are each aware, there is no relevant audit information of which the auditors are unaware, and each partner has taken all the steps that he ought to have taken as a partner to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

Auditor

The General Partner has appointed KPMG LLP as auditors of the Partnership

On behalf of Castlepoint General Partner Limited



Director of Castlepoint General Partner Limited

M. WATT

Dated 22/4/12

Independent auditor's report to the members of Castlepoint Limited Partnership (LP)

We have audited the financial statements of Castlepoint Limited Partnership (LP) for the year ended 31 December 2011 set out on pages 9 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in an auditor's 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 5, the members 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008

Independent auditor's report to the members of Castlepoint Limited Partnership (LP)
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of members' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Hugh Harvie (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Date 1 May 2012

CASTLEPOINT LIMITED PARTNERSHIP

Profit and Loss Account

For the year ended 31 December 2011

| | Note | 2011 £ | 2010 £ |
|----------------------------|------|-------------------|-------------------|
| Rental income | 1b | 15,150,193 | 15,840,600 |
| Other income | | 155,963 | 135,914 |
| | | <u>15,306,156</u> | <u>15,976,514</u> |
| Administrative expenditure | 2 | (2,109,024) | (2,430,093) |
| OPERATING PROFIT | | <u>13,197,132</u> | <u>13,546,421</u> |
| Interest receivable | | 53,777 | 67,956 |
| | | <u>13,250,909</u> | <u>13,614,377</u> |
| PROFIT FOR THE YEAR | | | |

All operations are continuing

Statement of Total Recognised Gains and Losses

For the year ended 31 December 2011

| | Note | 2011 £ | 2010 £ |
|---|------|-------------------|-------------------|
| PROFIT FOR THE FINANCIAL YEAR | | 13,250,909 | 13,614,377 |
| Unrealised surplus on revaluation of property | 3 | 4,568,431 | 24,464,456 |
| TOTAL RECOGNISED GAINS AND LOSSES FOR THE FINANCIAL YEAR | | <u>17,819,340</u> | <u>38,078,833</u> |

The notes on pages 12 to 16 form an integral part of the financial statements

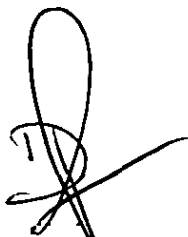
CASTLEPOINT LIMITED PARTNERSHIP

Balance Sheet

As at 31 December 2011

| | Note | 2011 £ | 2010 £ |
|---|-------|---------------------|--------------------|
| TANGIBLE FIXED ASSETS | | | |
| Investment property | 1c, 3 | 266,355,606 | 261,787,175 |
| CURRENT ASSETS | | | |
| Debtors – receivable after one year | 4 | 226,427 | 714,935 |
| Debtors – receivable within one year | 4 | 6,873,673 | 6,255,325 |
| Cash and cash equivalents | | 11,874,746 | 12,985,517 |
| | | <u>18,974,846</u> | <u>19,955,777</u> |
| CREDITORS: amounts falling due within one year | 5 | <u>(10,829,062)</u> | <u>(7,193,311)</u> |
| NET CURRENT ASSETS | | <u>8,145,784</u> | <u>12,762,466</u> |
| NET ASSETS | | <u>274,501,390</u> | <u>274,549,641</u> |
| PARTNERS' CAPITAL | 9 | <u>274,501,390</u> | <u>274,549,641</u> |

The financial statements on pages 9 to 16 were approved by the General Partner on 27/4/12 and were signed on its behalf by



Director of Castlepoint General Partner Limited

D. PAINE

Dated 27/4/12

The notes on pages 12 to 16 form an integral part of the financial statements

CASTLEPOINT LIMITED PARTNERSHIP

Cash Flow Statement

For the year ended 31 December 2011

| | 2011 £ | 2010 £ |
|---|------------|------------|
| Operating profit | 13,197,132 | 13,546,421 |
| Increase in debtors | (129,840) | (659,416) |
| Increase in creditors | 69,076 | 796,022 |
| Net cash inflow from operating activities | 13,136,368 | 13,683,027 |

Note A

Reconciliation of operating profit to net cash inflow from operating activities

| | 2011 £ | 2010 £ |
|---|------------|------------|
| Operating profit | 13,197,132 | 13,546,421 |
| Increase in debtors | (129,840) | (659,416) |
| Increase in creditors | 69,076 | 796,022 |
| Net cash inflow from operating activities | 13,136,368 | 13,683,027 |

Note B

Reconciliation of net cash flow to movement in net funds

| | 2011 £ | 2010 £ |
|---|-------------|------------|
| (Decrease) / increase in cash in the year | (1,110,771) | 4,453,898 |
| Net funds at beginning of year | 12,985,517 | 8,531,619 |
| Net funds at end of year | 11,874,746 | 12,985,517 |

CASTLEPOINT LIMITED PARTNERSHIP

Notes to the Financial Statements

For the year ended 31 December 2011

1 ACCOUNTING POLICIES

a) Accounting Convention

The financial statements have been prepared under the historical cost convention modified for revaluation of property investments and in accordance with United Kingdom Generally Accepted Accounting Principles and the Limited Partnership Agreement dated 5 October 2001. The Limited Partnership Agreement was amended and restated on 28 January 2004 and amended by supplemental agreements dated 16 June 2008 and 14 October 2010.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below.

b) Income and Expenditure

Except as noted elsewhere, all revenues and expenses are accounted for in the profit and loss account. Rental income, interest and expenses are accounted for on an accruals basis. Tenants are invoiced in advance of each quarter. In accordance with the accruals concept, such income is deferred until earned. Rental income is net of VAT. All income and profit relate to the Partnership's principal activity and relates solely to income in the UK.

Incentives to tenants include rent free periods and other incentives given to tenants on entering into lease agreements. These incentives are treated in accordance with UITF 28. Under UITF 28, rental income is recognised on a straight line basis over the period of the lease (or until the first rent review / break option, if earlier), even if payments are not made as such. The cost of the lease incentive is included in debtors and amortised over the length of the lease. The investment property is carried at open market value less the amount of unamortised incentives disclosed within debtors.

c) Investment Property

Investment property is, in accordance with Statement of Standard Accounting Practice, Accounting for Investment Properties (SSAP 19), stated at Open Market Value on the basis of an annual independent valuation. This property is held for investment purposes and the Directors of the General Partner consider that annual depreciation would be inappropriate. In the opinion of the Directors of the General Partner this accounting policy is necessary for the accounts to give a true and fair view.

d) Unrealised gains and losses on investments

Unrealised gains and losses are calculated as the difference between the current valuation and historical cost and are recognised in the statement of total recognised gains and losses.

e) Tax Status

No provision has been made in the accompanying financial statements for income taxes of the General Partner and the Limited Partners. All partners are individually responsible for reporting their share of the Partnership's income or loss, for taxation purposes.

CASTLEPOINT LIMITED PARTNERSHIP

Notes to the Financial Statements

For the year ended 31 December 2011

f) Property Insurance

The Partnership acts as agent in respect of insuring its property investments. Insurance is paid for by the Partnership, the cost of which is then recovered from the individual tenants. The insurance paid or the insurance recovered is not reflected in the profit and loss account unless the unit concerned is known to be empty during any part of the year, in which case the non-recoverable cost will be treated as an expense. Any balance not recovered at the year end is classified as a debtor.

g) Distributions to Partners

Distributions to partners are allocated and paid in accordance with the provisions of the Partnership Agreement dated 28 January 2004. Allocations of net income and capital receipts are transferred from the profit and loss account to each Partner's current account, the current account is then reduced as the distribution payment is made.

h) Cash at bank

Cash at bank is money held at banks or on deposit with other financial institutions which is repayable on demand.

2. EXPENDITURE

Included in these costs is auditors' remuneration in respect of auditing services of £18,000 (actual charge £19,000) (2010 £23,350, £19,350 actual charge).

3. FIXED ASSETS

| | 2011 £ | 2010 £ |
|--------------------------------|-------------|-------------|
| Opening carrying value | 261,787,175 | 236,856,926 |
| Additional capital expenditure | - | 465,793 |
| Revaluation | 4,568,431 | 24,464,456 |
| | <hr/> | <hr/> |
| Closing carrying value | 266,355,606 | 261,787,175 |
| | <hr/> | <hr/> |
| Historical costs | 146,532,726 | 146,532,726 |
| | <hr/> | <hr/> |

The investment property, namely the Castlepoint Centre in Bournemouth, was valued at £267,000,000 on 31 December 2011 by independent valuers, DTZ Debenham Tie Leung, Chartered Surveyors, in accordance with the RICS Appraisal and Valuation Standards. The closing carrying value represents the open market value less unamortised incentives (refer to note 1b).

CASTLEPOINT LIMITED PARTNERSHIP

Notes to the Financial Statements

For the year ended 31 December 2011

4. DEBTORS

| | Note | 2011 £ | 2010 £ |
|--|------|-----------|-----------|
| <u>Amounts falling due after one year</u> | | | |
| Rent free periods to be amortised | 1(b) | 173,305 | 470,060 |
| Tenant incentive prepayments to be amortised | 1(b) | 22,892 | 174,337 |
| Other prepayments | | 30,230 | 70,538 |
| | | <hr/> | <hr/> |
| | | 226,427 | 714,935 |
| | | <hr/> | <hr/> |
| <u>Amounts falling due within one year</u> | | | |
| Rent receivable | | 1,011,306 | 568,159 |
| Rent free periods to be amortised | 1(b) | 296,755 | 324,707 |
| Tenant incentive prepayments to be amortised | 1(b) | 151,442 | 443,721 |
| Other prepayments | | 40,308 | 40,308 |
| Car park recoverable costs | | 4,845,335 | 4,861,276 |
| Roof recoverable costs | | 512,000 | 17,154 |
| Other debtors | | 16,527 | 17,154 |
| | | <hr/> | <hr/> |
| | | 6,873,673 | 6,272,479 |
| | | <hr/> | <hr/> |

Car park and roof recoverable costs are amounts incurred by the partnership in dealing with tenants and the main contractor in order to remediate the defective car park and roof respectively

5 CREDITORS

| | 2011 £ | 2010 £ |
|---|------------|-----------|
| <u>Amount falling due within one year</u> | | |
| Trade creditors | 5,561 | - |
| Sundry creditors | 93,654 | 79,700 |
| Retention on building contract | 2,816,327 | 2,816,327 |
| Accruals and deferred income | 3,741,341 | 3,608,655 |
| VAT payable | 605,504 | 688,629 |
| Accrued distribution | 3,285,896 | - |
| Preferred profit accrual | 280,779 | - |
| | <hr/> | <hr/> |
| | 10,829,062 | 7,193,311 |
| | <hr/> | <hr/> |

CASTLEPOINT LIMITED PARTNERSHIP

Notes to the Financial Statements

For the year ended 31 December 2011

6 RELATED PARTY TRANSACTIONS

The Operator, Standard Life Investments (Corporate Funds) Limited, which is a subsidiary of Standard Life Investments Limited, earned £782,105 (2010 £738,209) net of VAT from the Partnership in relation to the operator's fee for the period 1 January 2011 to 31 December 2011

Standard Life Investments (Corporate Funds) Limited earned consultancy costs in relation to car park issues from Castlepoint LP of £144,000 (2010 £156,389) for the period 1 January 2011 to 31 December 2011

Standard Life Investments Limited procured insurance cover for the property assets of the Partnership for the period 16 May 2011 to 15 May 2012. Standard Life Investments Limited earned insurance commission of £25,553 (2010 £23,565) in respect of this property insurance

As at 31 December 2011, £10,786,230 (2010 £11,924,770) was invested with Standard Life Investments (Global Liquidity Funds) plc - Sterling VNAV Liquidity Fund, a money market fund which offers same day liquidity and has obtained an Aaa-mf money market fund rating from Moody's. The return earned on this investment during the financial year was £61,529 (2010 £67,914), representing an average return of 0.57% (2010 0.55%). Standard Life Investments (Global Liquidity Funds) plc is an entity managed within the Standard Life plc group

7 CONTINGENT LIABILITY AND RECOVERABLE AMOUNTS

The Partnership has incurred certain costs for the period up to 31 December 2011 in remedying the car park and roof defects, in respect of which it is seeking to make recovery from the main building contractor. As at 31 December 2011 the total of these costs shown on the balance sheet as being recoverable was £5.4m. This is stated after receipts totalling £3.8m from the main building contractor which have been treated as payments on account. No provision has been made for any future costs which may be incurred by the Partnership in remedying the car park defects as the Directors of the General Partner do not consider that it is possible to assess whether any liability will arise, and, if so, what it will amount to.

8 POST BALANCE SHEET EVENTS

At the date of approval of these accounts the pre head of terms proposal received from the main building contractor in regard to the rebuild of the car park and reimbursement of historic losses and future outlays is being negotiated. The amounts detailed in the proposal relating to historic losses will cover in full the recoverable balance being carried in the balance sheet at 31 December 2011.

CASTLEPOINT LIMITED PARTNERSHIP

9 STATEMENT OF CHANGES IN CAPITAL ACCOUNTS

| | Castlepoint General Partner Ltd | DV4 properties Castlepoint Co Ltd | Zurich Assurance Ltd | The Standard Life Assurance Limited | SLI UK Retail Park Trust | Unallocated Reserve | Properties Castlepoint No 2 UK Ltd | DV4 SLI (General Partner EPGF) Ltd | Sackville Tandem Property (GP) Ltd | Total |
|---|---------------------------------------|---|-------------------------|---|-----------------------------|------------------------|--|---|---|--------------|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Capital Account | | | | | | | | | | |
| Opening/ closing balance | 1,000 | 10,015,200 | 7,984,800 | 5,400,000 | 12,600,000 | - | 100 | 100 | 100 | 36,001,300 |
| Loan Account | | | | | | | | | | |
| Opening/ closing loan account | 24 | 33,265,299 | 26,521,363 | 17,935,998 | 41,850,664 | - | - | - | - | 119,573,348 |
| Current Account | | | | | | | | | | |
| Opening current account | - | 491,137 | 487,649 | 290,085 | 676,776 | - | - | - | - | 1,945,647 |
| Transfer of profit to be distributed | - | 3,905,417 | 3,113,666 | 2,105,725 | 4,913,359 | - | - | - | - | 14,038,167 |
| Transfer of preferred profit for distribution | - | - | 112,608 | 150,143 | - | - | - | - | - | 262,751 |
| Preferred profit share | - | - | (112,608) | (150,143) | - | - | - | - | - | (262,751) |
| Distribution paid | - | (3,905,417) | (3,113,666) | (2,105,725) | (4,913,359) | - | - | - | - | (14,038,167) |
| Closing current account | - | 491,137 | 487,649 | 290,085 | 676,776 | - | - | - | - | 1,945,647 |
| Profit and Loss Reserve | | | | | | | | | | |
| Opening balance | (30) | (1,323,042) | (1,410,171) | (819,516) | (1,913,101) | 7,240,757 | - | - | - | 1,774,897 |
| Share of profit | - | 3,835,734 | 3,170,717 | 2,218,296 | 4,825,690 | (1,080,307) | - | - | - | 12,970,130 |
| Preferred profit allocation | 2,404 | - | 119,304 | 159,071 | - | - | - | - | - | 280,779 |
| Accrued distribution | (2,404) | (914,136) | (848,116) | (651,955) | (1,150,064) | - | - | - | - | (3,566,665) |
| Transfer to current account for preferred profit distribution | - | - | (112,608) | (150,143) | - | - | - | - | - | (262,751) |
| Transfer to current account for preferred profit distribution | - | (3,905,417) | (3,113,666) | (2,105,725) | (4,913,359) | - | - | - | - | (14,038,167) |
| Closing balance | (30) | (2,306,861) | (2,194,540) | (1,349,972) | (3,150,874) | 6,160,450 | - | - | - | (2,841,787) |
| Revaluation Reserve | | | | | | | | | | |
| Opening balance | 3,201 | 32,062,897 | 25,562,727 | 17,287,687 | 40,337,937 | - | - | - | - | 115,254,449 |
| Movement in year | 127 | 1,270,903 | 1,013,250 | 685,246 | 1,598,907 | - | - | - | - | 4,568,433 |
| Closing balance | 3,328 | 33,333,800 | 26,575,977 | 17,972,933 | 41,936,844 | - | - | - | - | 119,822,882 |
| CAPITAL BALANCE AT 31 DECEMBER 2011 | 4,322 | 74,798,575 | 59,375,249 | 40,249,044 | 93,913,450 | 6,160,450 | 100 | 100 | 100 | 274,501,390 |
| CAPITAL BALANCE AT 31 DECEMBER 2010 | | | | | | | | | | 274,549,641 |