



The Trafford Centre Finance Limited

(incorporated with limited liability in the Cayman Islands with registration number 91678)

Third Issue Notes

Class	Initial Principal Amount	Issue Price	Interest Rate	Expected Maturity Date	Final Maturity Date	Ratings		
						S&P	Fitch	Moody's
A4	£20,000,000	99.889%	2.875%	28 April 2019	28 April 2024	AA+(sf)	AAAsf	Aaa(sf)
B3	£20,000,000	99.351%	4.250%	28 April 2024	28 April 2029	AA-(sf)	AAsf	Aa2(sf)
D3	£70,000,000	99.411%	4.750%	28 April 2024	28 April 2029	BBB(sf)	BBBsf	Baa2(sf)

Third Issue Closing Date

The Trafford Centre Finance Limited (the “**Issuer**”) expects to issue the Third Issue Notes (as set out above) on 4 March 2014 (the “**Third Issue Closing Date**”).

Other Notes

The Issuer issued the Original Notes on 28 February 2000 (the “**Original Closing Date**”) as follows:

- (i) £50,000,000 Class A1 Floating Rate Secured Notes due 2013;
- (ii) £340,000,000 Class A2 6.50 per cent. Secured Notes due 2033;
- (iii) £120,000,000 Class B 7.03 per cent. Secured Notes due 2029;
- (iv) £50,000,000 Class D1 Floating Rate Secured Notes due 2017; and
- (v) £50,000,000 Class D2 8.28 per cent. Secured Notes due 2022.

The Issuer also issued the Second Issue Notes on 27 June 2005 (the “**Second Issue Closing Date**”) as follows:

- (vi) £76,500,000 Class A1(N) Floating Rate Secured Notes due 2015;
- (vii) £188,500,000 Class A3 Floating Rate Secured Notes due 2038;
- (viii) £20,000,000 Class B2 Floating Rate Secured Notes due 2038; and
- (ix) £69,550,000 Class D1(N) Floating Rate Secured Notes due 2035.

The Notes listed in paragraphs (i) and (iv) above were redeemed on the Interest Payment Date falling in July 2005. In addition, a portion of the Notes listed in paragraphs (vii), (viii) and (ix) were initially purchased and held by the Issuer as reserve notes. However, such reserve notes were sold on 30 January 2006 and, as at the date of this Prospectus, no reserve notes remain outstanding. For further information in relation to the Original Notes and the Second Issue Notes, investors should refer to “*Transaction Overview – Amount and Title of the Notes*” below.

Underlying Assets

The Issuer will make payments on the Third Issue Notes from, *inter alia*, payments of principal and interest received by the Issuer in respect of Term Advances advanced by the Issuer to the Borrower pursuant to the Issuer/Borrower Facility Agreement. See the section entitled “*Overview of Principal Documents – Issuer/Borrower Facility Agreement*” on page 87 for further details.

The Issuer’s obligations in respect of the Notes will be secured pursuant to the

Issuer Deed of Charge, and will share the same Issuer Security together with the other secured obligations of the Issuer. The assets secured by the Issuer Deed of Charge will include the Issuer's right to receive payments of principal and interest under the Issuer/Borrower Facility Agreement as described above. The Issuer Security will be shared by the Issuer Secured Parties, including the Third Issue Noteholders, in accordance with the Issuer Post-Enforcement Priority of Payments.

The Borrower's obligations in respect of the Third Issue Term Facilities are secured pursuant to the Security Trust Deed. The assets secured by the Security Trust Deed will include the rights, title and interest of the Obligors in respect of certain of their assets (including the Property) (the "**Charged Assets**"). The Charged Assets are shared by the Secured Parties, including the Issuer, in accordance with the Borrower Priorities of Payments.

See the section entitled "*Overview of Principal Documents – Security Trust Deed*" on page 109 and "*Overview of Principal Documents – Issuer Deed of Charge*" on page 112 for further details.

Liquidity Support

From the Third Issue Closing Date, the Issuer will maintain liquidity cover in respect of shortfalls of interest on the Third Issue Notes, through a £80,000,000 liquidity facility, of which £15,000,000 is or will be available as liquidity cover in respect of the Third Issue Class D3 Notes. See the section entitled "*Resources Available to the Issuer and the Borrower – Liquidity Facility Agreement*" on page 115 for further details.

Redemption Provisions

Information on any optional and mandatory redemption of the Notes is summarised in the section entitled "*Transaction Overview*" on page 10 and set out in full in Condition 5 in the section entitled "*Terms and Conditions of the Notes*" on page 161.

Credit Rating Agencies

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency (a "**CRA**") established in the European Community and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended pursuant to Regulation 513/2011/EU of the European Parliament and the Council of 11 May 2011 (the "**CRA Regulation**") unless the rating is provided by a credit rating agency operating in the European Community before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Each of S&P, Fitch and Moody's is a credit rating agency established in the European Community and registered under the CRA Regulation.

The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website, www.esma.europa.eu, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Each of S&P, Fitch and Moody's are included on the list of registered and certified credit rating agencies that is maintained by ESMA.

The Borrower has considered, but has decided not to appoint, any small CRA.

Credit Ratings

Ratings as set out above are expected to be assigned to the Third Issue Notes on or before the Third Issue Closing Date.

The ratings assigned by S&P, Fitch and Moody's to the Notes address the likelihood of (a) full and timely payment of interest due to the holders of the Notes on each Interest Payment Date and (b) full and ultimate payment of principal on the Notes on or before the relevant Final Maturity Date.

Listing

This document comprises a prospectus (the "**Prospectus**"), for the purpose of Directive 2003/71/EC as amended (the "**Prospectus Directive**").

Application has been made to the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (the "**UK Listing Authority**") for the Third Issue Notes to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Third Issue Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**"). References in this Prospectus to the Third Issue Notes being "listed" (and all related references) shall mean that the Third Issue Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

Form of Notes

Each of the Third Issue Class A4 Notes, the Third Issue Class B3 Notes and the Third Issue Class D3 Notes will initially be represented by a Temporary Global Note, without interest coupons, which will be issued in classic global note (CGN) form and will be delivered on or prior to the Third Issue Closing Date to the Common Depositary for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable for interests recorded in the records of Euroclear and Clearstream, Luxembourg in a Permanent Global Note, without interest coupons, on or after a date which is expected to be 40 days following the Third Issue Closing Date, upon certification as to non-U.S. beneficial ownership.

Each Third Issue Permanent Global Note will be exchangeable for definitive Notes in bearer form if that Third Issue Permanent Global Note is held on behalf of a relevant Clearing System and such relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Thereupon, the holder may give notice to the Principal Paying Agent of its intention to exchange the relevant Third Issue Permanent Global Note for Definitive Notes on or after the Exchange Date specified in the notice. See the section entitled "*Overview of Provisions relating to the Notes while in Global Form*" for more details.

Obligations

The Notes will constitute direct and secured obligations of the Issuer only and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of, and will not be guaranteed by, or be the responsibility of the Arrangers and Lead Managers, the Note Trustee, the Borrower, the Obligors, the Security Trustee or any other party to the transaction (or any of their Affiliates) other than the Issuer.

THE "RISK FACTORS" SECTION CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.

ARRANGERS AND LEAD MANAGERS

CREDIT SUISSE

LLOYDS BANK

The date of this Prospectus is 26 February 2014

This Prospectus comprises a prospectus for the purposes of the Prospectus Directive, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area and for the purpose of giving information with regard to the Issuer, the Borrower, any other Obligor and the Notes which, according to the particular nature of the Issuer, the Borrower, any other Obligor and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

*The Issuer (the “**Responsible Person**”) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.*

Intu Properties plc accepts responsibility for the information contained in this Prospectus in respect of the information in relation to the Group. To the best of the knowledge of Intu Properties plc (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Borrower and the Obligors separately accept responsibility for the information contained in this Prospectus in respect of themselves and the Borrowing Group. To the best of the knowledge of each of them (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus relating to them is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Borrower, any other Obligor, any other member of the Borrowing Group or any of the Arrangers and Lead Managers or any of their Affiliates. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Borrower, any other Obligor or any other member of the Borrowing Group, since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Borrower, any other Obligor or any other member of the Borrowing Group, since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Arrangers and Lead Managers to inform themselves about and to observe any such restriction.

The Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “*Subscription and Sale*”.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Borrower, any other Obligor, any other member of the Borrowing Group or the Arrangers and Lead Managers to subscribe for, or purchase, any Notes.

None of the Note Trustee, the Security Trustee, the Agents, the Account Bank, the Cash Manager, the Arrangers and Lead Managers or any of their Affiliates accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Note Trustee, the Security Trustee, the Agents, the Account Bank, the Cash Manager, the Arrangers and Lead Managers or any of their Affiliates or on its behalf in connection with the Issuer, the Borrower, any other Obligor, any other member of the Borrowing Group, or the issue and offering of the Notes. The Note Trustee, the Security Trustee, each Agent, the Account Bank, the Cash Manager, the Arrangers and Lead Managers and any of their Affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Borrower, any other Obligor, any other member of the Borrowing Group, the Arrangers and Lead Managers or any of their Affiliates that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Each person receiving this Prospectus acknowledges that such person has not relied on the Arrangers and Lead Managers or any of their Affiliates in connection with any investigation of the accuracy of such information or its investment decision. None of the Note Trustee, the Security Trustee, the Agents, the Account Bank, the Cash Manager, the Arrangers and Lead Managers or any of their Affiliates undertakes to review the financial condition or affairs of the Issuer, the Borrower, any other Obligor, any other member of the Borrowing Group during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Note Trustee, the Security Trustee, the Agents, the Account Bank, the Cash Manager, the Arrangers and Lead Managers or any of their Affiliates.

In connection with the issue of the Third Issue Notes, Lloyds Bank plc (the “Stabilising Manager”) (or any person acting on behalf of the Stabilising Manager) may over-allot Third Issue Notes or effect transactions with a view to supporting the market price of the Third Issue Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Third Issue Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Third Issue Notes and 60 days after the date of the allotment of the Third Issue Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Managers) in accordance with all applicable laws and rules.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “£”, “pounds” or “sterling” are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

“Affiliate” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company;

“Subsidiary” means:

- (a) a subsidiary within the meaning of section 1159 of the Companies Act 2006; or

(b) a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006;

“**Holding Company**” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary;

FORWARD LOOKING STATEMENTS

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements include statements regarding the intentions, beliefs or current expectations of the Issuer, the Borrower and the Group concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies of the Borrower and the Group and the industry in which the Borrower and the Group operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

The forward-looking statements are not guarantees of future performance and the Borrower and the Group’s actual results of operations, financial condition and liquidity, and the development of the industry in which the Borrower and the Group operate, may differ materially from those made in or suggested by the forward-looking statements set out in this Prospectus. In addition, even if the results of operations, financial condition and liquidity of the Borrower and the Group, and the development of the industry in which the Borrower and the Group operate, are consistent with the forward-looking statements set out in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Many factors could cause the Borrower and the Group’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Any forward-looking statements which are made in this Prospectus speak only as of the date of such statements. The Issuer does not intend, and undertakes no obligation, to revise the forward-looking statements included in this Prospectus to reflect any future events or circumstances. Actual results, performance or achievements could differ materially from the results expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include those discussed under “*Risk Factors*” in this Prospectus.

ARTICLES 404-410 OF THE CAPITAL REQUIREMENTS REGULATION (THE “CRR”) AND SECTION 5 OF REGULATION (EU) NO 231/2013 (“AIFMR”)

The Issuer is of the opinion that the requirements Articles 404-410 of the CRR and Section 5 of the AIFMR do not apply to the Notes.

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TRANSACTION OVERVIEW

The following is a general overview of the transaction with a particular focus being given to the terms and conditions of the Third Issue Notes. This overview does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information which appears elsewhere in this Prospectus.

FULL CAPITAL STRUCTURE OF THE THIRD ISSUE NOTES

Class	Third Issue A4	Third Issue B3	Third Issue D3
Currency	Sterling	Sterling	Sterling
Initial Principal Amount	£20,000,000	£20,000,000	£70,000,000
Liquidity Support	Liquidity Facility	Liquidity Facility	Liquidity Facility
Issue Price	99.889 per cent.	99.351 per cent.	99.411 per cent.
Interest Rate	2.875 per cent.	4.250 per cent.	4.750 per cent.
Interest Payment Dates	28 January, 28 April, 28 July and 28 October in each year	28 January, 28 April, 28 July and 28 October in each year	28 January, 28 April, 28 July and 28 October in each year
Business Day Convention	Modified Following	Modified Following	Modified Following
Day Count Convention	30/360	30/360	30/360
First Interest Payment Date	28 April 2014	28 April 2014	28 April 2014
First Interest Period	The period from (and including) the Third Issue Closing Date to (but excluding) 28 April 2014	The period from (and including) the Third Issue Closing Date to (but excluding) 28 April 2014	The period from (and including) the Third Issue Closing Date to (but excluding) 28 April 2014
Expected Final Maturity Date	28 April 2019	28 April 2024	28 April 2024
Legal Final Maturity Date	28 April 2024	28 April 2029	28 April 2029
Form of the Notes	Bearer	Bearer	Bearer
Application for Listing	Regulated Market of the London Stock Exchange	Regulated Market of the London Stock Exchange	Regulated Market of the London Stock Exchange
Minimum Denomination	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof
Rating of Notes on Issue	AA+(sf) by S&P, AAAsf by Fitch, Aaa(sf) by Moody's	AA-(sf) by S&P, AAsf by Fitch, Aa2(sf) by Moody's	BBB(sf) by S&P, BBBsf by Fitch, Baa2(sf) by Moody's
ISIN	XS1031620849	XS1031629808	XS1031633313
Common Code	103162084	103162980	103163331

Issuer: The Trafford Centre Finance Limited (the “**Issuer**”), an exempted company incorporated with limited liability in the

Cayman Islands (with registration number 91678), was established for the limited purposes of the issue of the Notes (including the Third Issue Notes) and the transactions and matters referred to in or contemplated by this Prospectus. The authorised share capital of the Issuer consists of 2 Ordinary Shares of £1.00 each, both of which have been issued and are held by the Parent. See further “*The Issuer*”.

Borrower:

The Trafford Centre Limited (the “**Borrower**”) is a private limited company incorporated in England and Wales (registration number: 3080975) with limited liability, the current issued share capital of which is £176,553,167 divided into 200,000,000 A Preference Shares of £0.17 each, 120,200,000 B Preference Shares of £1.00 each and 22,353,167 Ordinary Shares of £1.00 each. All of the A Preference Shares are held by Intu Trafford Centre Group (UK) Limited and the other shares are held by the Parent.

Parent:

The Trafford Centre Holdings Limited (the “**Parent**”) is a private limited company incorporated in England and Wales (registration number: 03796924) with limited liability. The Parent is the direct parent company of the Borrower and the Issuer. The issued share capital of the Parent is 80,000,000 Ordinary Shares of £1.00 each, all of which are held by Intermediate Holdings.

Intermediate Holdings:

The Trafford Centre Investments Limited (“**Intermediate Holdings**”) is a private limited company incorporated in England and Wales (registration number: 03822219) with limited liability. Intermediate Holdings is the direct parent company of the Parent. The issued share capital of Intermediate Holdings is 80,000,000 Ordinary Shares of £1.00 each, all of which are held by ITCGL.

Obligors:

The Borrower, the Parent and Intermediate Holdings (together the “**Obligors**”).

intu:

Intu Properties plc (“**intu**”) is a public limited company incorporated in England and Wales (registration number: 03685527) and is the ultimate holding company of the Issuer, the Borrower, Intermediate Holdings and the Parent. Intu is also the holding company of a number of other companies which (either directly or through subsidiaries) engage in a variety of property related business.

The infrastructure, transport and real estate investment group known as the Peel Group (the “**Peel Group**”), through Peel Chapel Holdings (IOM) Limited holds a 19.40 per cent. share of the issued share capital of intu.

Group:

The “**Group**” comprises intu and all of its subsidiaries.

ITCGL:

Intu Trafford Centre Group (UK) Limited (formerly known as

Peel Acquisitions Limited) (“**ITCGL**”), a private limited company incorporated in England and Wales (registration number: 05148403), is an intermediate holding company of the Issuer and the Borrower and the direct parent company of Intermediate Holdings which in turn is the direct parent company of the Parent. ITCGL is also the holding company of a number of other companies which (either directly or through subsidiaries) engage in a variety of other businesses.

ITCGL Group:

The “**ITCGL Group**” comprises each member of the Borrowing Group and each member of the Excluded Group.

BartonCo:

Barton Square Limited (“**BartonCo**”) is a private limited company incorporated in England and Wales (registration number: 05433918) with limited liability. The authorised share capital of BartonCo is £1,000. Its issued share capital is £2.00, all of which is held by Barton Square Holdco Limited (the entire issued share capital in which is held by ITCGL). BartonCo was established for the limited purpose of owning and developing the property known as Barton Square (“**Barton Square**”). Barton Square is situated on a site of 16.1 acres immediately to the east of intu Trafford Centre across Barton Dock Road and linked to the Centre by an enclosed walkway. Barton Square is a retail centre of approximately 338,000 square feet occupied predominantly by retailers in the homeware sector. In addition, Barton Square has a strong leisure offer (Legoland Discovery Centre and Sealife) and complements and reinforces the retail offer at the Centre.

BartonCo is not a member of the Borrowing Group and rental income generated by Barton Square does not provide a source of funds to meet sums falling due under the Issuer/Borrower Facility Agreement or the Notes.

Borrowing Group:

The “**Borrowing Group**” comprises the Issuer, the Borrower, the Parent and Intermediate Holdings. The rental income generated by the Leases provides the primary source of funds to meet sums falling due under the Issuer/Borrower Facility Agreement. The Borrower has created security in favour of the Security Trustee over all of its assets and revenues to secure its obligations under the Issuer/Borrower Facility Agreement. The Parent has provided third party security in favour of the Security Trustee over all of the shares held by it in the Issuer and the Borrower and a floating charge over all of its other assets to secure the obligations of the Borrower under the Issuer/Borrower Facility Agreement which the Parent and Intermediate Holdings guarantee pursuant to the Issuer/Borrower Facility Agreement. In addition, Intermediate Holdings has provided third party security in favour of the Security Trustee over the shares held by it in the Parent and a floating charge over all of its other assets to secure the

obligations of the Borrower under the Issuer/Borrower Facility Agreement. The Parent and Intermediate Holdings are special purpose vehicles with no assets other than the shares held in (as applicable) the Borrower and the Parent and do not generate any income which can be used towards payment of interest and principal under the Issuer/Borrower Facility Agreement.

Excluded Group:

The “**Excluded Group**” comprises ITCGL and all of its subsidiaries other than those which comprise the Borrowing Group. The income generated from the assets and businesses of the Excluded Group is not available to meet payments due under the Issuer/Borrower Facility Agreement and no security has been or will be created over the Excluded Group’s assets to secure the obligations of the Borrower under the Issuer/Borrower Facility Agreement.

Under the terms of the Deeds of Tax Covenant, Peel Holdings, BartonCo, the other members of the Borrowing Group and intu have given or, as applicable, will give certain undertakings as to the management of their respective affairs insofar as the same might affect the tax position of the Borrowing Group (see further “*Overview of Principal Documents — The Deeds of Tax Covenant*”).

The Arrangers and Lead Managers:

Credit Suisse Securities (Europe) Limited and Lloyds Bank plc (together, the “**Arrangers**” and the “**Lead Managers**”).

Note Trustee:

Deutsche International Custodial Services Limited (formerly known as Deutsche International Trustee Services (C.I.) Limited) in its capacity as trustee pursuant to the Note Trust Deed (the “**Note Trustee**”).

Security Trustee:

Deutsche Trustee Company Limited (formerly known as Bankers Trustee Company Limited) in its capacity as trustee pursuant to the Security Trust Deed (the “**Security Trustee**”).

Account Bank:

Lloyds Bank plc of 10 Gresham Street, London EC2V 7AE (formerly known as Lloyds TSB Bank Plc) in its capacity as account bank under the Bank Account Agreement (the “**Account Bank**”).

Interest Rate Hedge Provider:

On the Original Closing Date, Deutsche Bank AG, London Branch of Winchester House, 1 Great Winchester Street, London EC2N 2DB (the “**Interest Rate Hedge Provider**”) of Winchester House, 1 Great Winchester Street, London EC2N 2DB entered into the Interest Rate Cap Agreement with the Issuer and the Security Trustee to provide hedging in respect of interest rate risks. See “*Resources Available to the Issuer and the Borrower — Interest Rate Hedges*”. Investors should note, however, that no hedging will be entered into specifically in respect of the Third Issue Notes.

Loan Interest Rate Swap

On the Second Issue Closing Date, the Borrower entered into various interest rate swap agreements with the Issuer (the

Counterparty:	“ Loan Interest Rate Swap Counterparty ”) and the Security Trustee in respect of its interest rate exposure under such part of the Term Loans bearing a floating rate of interest (the “ Floating Rate Term Loans ”) as was advanced to the Borrower on the Second Issue Closing Date and the Borrower’s rental income. See further “ <i>Resources Available to the Issuer and the Borrower — Interest Rate Hedges</i> ”. Investors should note, however, that no hedging will be entered into specifically in respect of the Third Issue Notes.
Note Interest Rate Swap Providers:	On the Second Issue Closing Date, the Issuer entered into interest rate swap agreements with various counterparties (each such counterparty a “ Note Interest Rate Swap Provider ”, which includes the Class A3 Swap Provider) and the Security Trustee in respect of its interest rate exposure on the Notes. See further “ <i>Resources Available to the Issuer and the Borrower — Interest Rate Hedges</i> ”. Investors should note, however, that no hedging will be entered into specifically in respect of the Third Issue Notes.
Term A3 Swap Counterparty:	On the Second Issue Closing Date, the Issuer (the “ Term A3 Swap Counterparty ”) entered into a Loan Interest Rate Swap Agreement in respect of the Term Loan advanced to the Borrower under the Term A3 Facility. See further “ <i>Resources Available to the Issuer and the Borrower — Interest Rate Hedges</i> ”. Investors should note, however, that no hedging will be entered into specifically in respect of the Third Issue Notes.
Class A3 Swap Provider:	On the Second Issue Closing Date, The Royal Bank of Scotland plc (the “ Class A3 Swap Provider ”) of 135 Bishopsgate, London EC2M 3UR entered into a Note Interest Rate Swap Agreement in respect of the Class A3 Notes. See “ <i>Resources Available to the Issuer and the Borrower — Interest Rate Hedges</i> ”. Investors should note, however, that no hedging will be entered into specifically in respect of the Third Issue Notes.
Cash Manager:	Deutsche Bank AG, London Branch in its capacity as cash manager under the Cash Management Agreement (the “ Cash Manager ”).
Principal Paying Agent and Agent Bank:	Deutsche Bank AG, London Branch will act as Principal Paying Agent and Agent Bank pursuant to the Agency Agreement.
Liquidity Provider:	Lloyds Bank plc (formerly known as Lloyds TSB Bank Plc) of 10 Gresham Street, London EC2V 7AE (in such capacity the “ Liquidity Provider ”) has entered into the Liquidity Facility Agreement with the Issuer, the Cash Manager and the Security Trustee. See “ <i>Resources Available to the Issuer and the Borrower — Liquidity Facility Agreement</i> ”.
Property Adviser:	A suitably qualified adviser on the management of retail property (the “ Property Adviser ”) will (unless the Security Trustee otherwise agrees) be appointed by the Borrower (with

the prior written approval of the Security Trustee) if the Borrower makes a withdrawal from the Primary Reserve Account, as described in the Issuer/Borrower Facility Agreement, provided that such an adviser agrees to accept the appointment. The role of the Property Adviser will be to advise the Borrower and the Security Trustee on certain matters connected with the operation and management of the business of the Borrower. See *“Overview of Principal Documents — Issuer/Borrower Facility Agreement”*.

The Business:

The business of the Borrower consists of the ownership of the retail centre with leisure facilities located to the west of Manchester city centre known as intu Trafford Centre. The role of managing and operating the Centre is undertaken by Group personnel (as described in the section of this Prospectus entitled *‘Asset Management and Property Administration’*) and broadly comprises the collection of rents, service charges and other sums due from the tenants of the Property (the **“Tenants”**), the conduct of reviews of those rents in accordance with the leases held by the Tenants of the respective parts of the Property (the **“Leases”**), the maintenance, repair, security and general upkeep and management of the Property, relations with Tenants and the letting of vacant units within the Property.

Other Businesses:

The Issuer/Borrower Facility Agreement restricts the ability of the Borrowing Group, subject to certain exceptions, to develop or acquire additional assets or businesses (see *“Overview of Principal Documents — Issuer/Borrower Facility Agreement”*). However, such restrictions will not apply to developments or acquisitions by any member of the Excluded Group.

Description of the Property:

intu Trafford Centre (the **“Property”** or the **“Centre”** or **“intu Trafford Centre”**) is located on a site of approximately 142 acres and is a retail and leisure destination of approximately 1.8 million square feet of retail, catering and leisure space. The Centre is situated adjacent to the M60 motorway approximately 4 miles west of Manchester city centre and has parking facilities for approximately 11,500 cars (of which 1,500 are shared with Barton Square and Event City) and 350 coaches and an on-site bus station. The Centre opened on 10 September 1998.

The Borrower owns the freehold title to the Property and, by virtue of such ownership, holds the landlord’s interest in the Leases (including agreements for Leases) already concluded and will similarly hold such interest in leases of any parts of the Property to be granted in the future.

The Centre is made up of over 200 retail units, including over 50 restaurants, cafes and bars (including a food court capable of seating up to 1,600 people), a 20 screen Odeon

Multiplex/IMAX cinema, a children's entertainment area with a crèche, a family entertainment centre, a petrol filling station, offices, an hotel and a public house.

In addition, the Borrower has granted a number of short-term lettings and licences of premises within the Centre including Leases in respect of automated teller machines, storage areas, kiosks and licences of merchandising barrows.

Overall, more than 200 units are leased to approximately 195 Tenants representing approximately 96 per cent. of the lettable space.

The four anchor Tenants (the "**Major Space Users**") at the Property trade as:

- (a) Selfridges;
- (b) John Lewis;
- (c) Debenhams; and
- (d) Marks & Spencer.

Other major space users include BHS, Boots, H&M and Next.

Investors should note that certain other properties (including Barton Square, Trafford Quays Leisure Village and Event City) which surround the Property, do not form part of (nor provide a source of funds to meet amounts falling due under the Notes) the Property.

Further details of the Property, the Tenants and the Leases are set out in "*The Property*" and information relating to the market value of the Property is set out in "Annex 2 – Valuation Report" and references to the 'market value' of the Property in this Prospectus shall be construed accordingly.

Property Management:

Employees of the Group are responsible for all aspects of property management including new lettings, the accounting function, security, environmental services, customer services, building services, human resources and public relations. Investors should refer to the section of this Prospectus headed "*Asset Management and Property Administration*" for further information.

Insurances:

The Borrower has covenanted in the Issuer/Borrower Facility Agreement to insure and keep insured under policies of insurance (the "**Insurances**"), up to certain levels and to the extent that such insurance is economically available all of its business assets including the Property against, among other things, risks: (a) to the Property (including, *inter alia*, not less than five years' loss of rent under the Leases); (b) such other insurances as are, in accordance with sound commercial practice from time to time, normally maintained by companies carrying on similar businesses; and (c) of subsidence and heave and acts of terrorism. The Borrower and the Security Trustee

are named as joint insured parties on each insurance policy taken out by the Borrower and all such insurance policies provide that, if a receiver is appointed by the Security Trustee over any of the assets of the Borrower, those policies will continue in full force and effect in accordance with their terms. The Borrower has also covenanted in the Issuer/Borrower Facility Agreement to apply all insurance proceeds to replace or reinstate the asset or (as appropriate) meet the loss of rent or other liability in respect of which insurance proceeds are paid (subject, where appropriate, to any requisite planning or other consents being obtained) although, in certain limited circumstances, the Security Trustee may require the proceeds of buildings insurance to be applied in or towards prepayment of the Issuer/Borrower Facility. See “*Overview of Principal Documents — Issuer/Borrower Facility Agreement*”.

**Amount and Title of all Classes of Notes
(including the Third Issue Notes):**

Third Issue Notes

On the Third Issue Closing Date, the Issuer will issue:

- The £20,000,000 Class A4 2.875% Secured Notes due 2024 (the “**Third Issue Class A4 Notes**”);
- the £20,000,000 Class B3 4.250% Secured Notes due 2029 (the “**Third Issue Class B3 Notes**”); and
- the £70,000,000 Class D3 4.750% Secured Notes due 2029 (the “**Third Issue Class D3 Notes**” and together with the Third Issue Class A4 Notes and the Third Issue Class B3 Notes, the “**Third Issue Notes**”).

Second Issue Notes

On the Second Issue Closing Date, the Issuer issued:

- the £76,500,000 Class A1(N) Floating Rate Secured Notes due 2015 (the “**Class A1(N) Notes**”);
- the £188,500,000 Class A3 Floating Rate Secured Notes due 2038 (the “**Class A3 Notes**” and together with the Class A1(N) Notes, the “**Second Issue Class A Notes**”);
- the £20,000,000 Class B2 Floating Rate Secured Notes due 2038 (the “**Class B2 Notes**” or the “**Second Issue Class B Notes**”); and
- the £69,550,000 Class D1(N) Floating Rate Secured Notes due 2035 (the “**Class D1(N) Notes**” or the “**Second Issue Class D Notes**” and, together with the Second Issue Class A Notes and the Second Issue Class B Notes, the “**Second Issue Notes**”).

Note: A portion of the Class A3 Notes, the Class B2 Notes and the Class D1(N) Notes were initially purchased and held by the Issuer as reserve notes. However, such reserve notes were sold on 30 January 2006 and, as at the date of this Prospectus, no

reserve notes remain outstanding.

Original Notes

On the Original Closing Date, the Issuer issued:

- £340,000,000 Class A2 6.50 per cent. Secured Notes due 2033 (the “**Class A2 Notes**” or the “**Original Class A Notes**”, and together with the Second Issue Class A Notes and the Third Issue Class A4 Notes, the “**Class A Notes**”);
- £120,000,000 Class B 7.03 per cent. Secured Notes due 2029 (the “**Original Class B Notes**” and together with the Second Issue Class B Notes and the Third Issue Class B3 Notes, the “**Class B Notes**”); and
- £50,000,000 Class D2 8.28 per cent. Secured Notes due 2022 (the “**Class D2 Notes**” or the “**Original Class D Notes**” and together with the Second Issue Class D Notes and the Third Issue Class D3 Notes, the “**Class D Notes**”).

The Original Class A Notes, the Original Class B Notes and the Original Class D Notes are together the “**Original Notes**”.

The Original Notes, the Second Issue Notes and the Third Issue Notes and any New Notes, Replacement Notes and Further Notes are together the “**Notes**”).

*Note: The entire principal amount outstanding of the £50,000,000 Class A1 Floating Rate Secured Notes due 2013 and the £50,000,000 Class D1 Floating Rate Secured Notes due 2017 each issued on the Original Closing Date were redeemed by the Issuer on the Interest Payment Date falling in July 2005 (the “**July 2005 Redemption Date**”) and references to Notes should be construed accordingly.*

The Original Notes and the Second Issue Notes were listed on the London Stock Exchange’s market for listed securities on the Original Closing Date and the Second Issue Closing Date (as applicable). Application has been made to the UK Listing Authority to admit the Third Issue Notes to listing on the Official List and to the London Stock Exchange to admit the Third Issue Notes to trading on the London Stock Exchange’s regulated market for listed securities.

The Original Notes and the Third Issue Notes are the “**Fixed Rate Notes**”.

The Second Issue Notes are also the “**Floating Rate Notes**”.

Form, Status and Denomination of all classes of Notes (including the Third Issue Notes)

The Third Issue Notes will constitute secured, direct and unconditional obligations of the Issuer. The Original Notes were constituted by the Original Note Trust Deed, the Second Issue Notes were constituted by the Second Issue Note Trust

Deed and the Third Issue Notes will be constituted by the Third Issue Note Trust Deed. The Original Notes, the Second Issue Notes and the Third Issue Notes will share in the same security. The Class A Notes (which will rank *pari passu* as between themselves) will rank in priority to the Class B Notes (which will rank *pari passu* as between themselves) and the Class D Notes on payment of interest and on repayment of principal (excluding any Class A3 Step-up Amount) as well as on enforcement of the security. The Class B Notes will rank in priority to the Class D Notes (which will rank *pari passu* as between themselves) on payment of interest and on repayment of principal (excluding any Class B2 Step-up Amount) as well as on enforcement of the security. Certain debts of the Issuer, including certain amounts due under the Liquidity Facility Agreement, will rank senior in priority to the Notes. See “*Overview of Principal Documents — Issuer Deed of Charge*”.

The obligations of the Issuer to pay any Class A3 Step-up Amount are subordinated to payments of other interest and principal on the Notes, excluding any Class B2 Step-up Amount and the Class D1(N) Step-up Amount and the obligations of the Issuer to pay any Class B2 Step-up Amount are subordinated to payments of other interest and principal on the Notes, excluding the Class D1(N) Step-up Amount, in each case, in accordance with the Issuer Pre-Enforcement Priority of Payments.

The Notes are or will be obligations of the Issuer only. The Notes will not be the obligations or responsibility of, or guaranteed by, the Note Trustee, the Security Trustee, the Arrangers and Lead Managers, the Liquidity Provider, the Account Bank, the Cash Manager, the Agent Bank, the Paying Agents or any company in the Borrowing Group (other than the Issuer itself), but an amount equal to the gross proceeds of issue of the Third Issue Notes will be lent by the Issuer to the Borrower and such loan to the Borrower (and all interest in respect thereof) will be secured over the assets and undertaking of the Borrower and by certain security granted by the Parent and Intermediate Holdings.

Each class of Third Issue Notes will initially be represented by a temporary global note in bearer form deposited with the Common Depositary. Interests in such temporary global note are exchangeable on and after the date which is 40 days after the Third Issue Closing Date, provided certification of non-US beneficial ownership by the relevant Third Issue Noteholder has been received, for interests in a permanent global note.

Such temporary global notes will be exchanged for permanent global notes in accordance with Condition 1.

The Note Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the holders of the Class A1(N) Notes (the “**Class A1 Noteholders**”), the holders of the Class A2 Notes (the “**Class A2 Noteholders**”), the holders of the Class A3 Notes (the “**Class A3 Noteholders**”), the holders of the Third Issue Class A4 Notes (the “**Third Issue Class A4 Noteholders**”), and together with the Class A1 Noteholders, the Class A2 Noteholders and the Class A3 Noteholders, the “**Class A Noteholders**”), the holders of the Original Class B Notes (the “**Original Class B Noteholders**”), the holders of the Class B2 Notes (the “**Class B2 Noteholders**”) and the holders of the Third Issue Class B3 Notes (the “**Third Issue Class B3 Noteholders**”), and together with the Original Class B Noteholders and the Class B2 Noteholders, the “**Class B Noteholders**”), the holders of the Class D1(N) Notes (the “**Class D1 Noteholders**”) and the holders of the Class D2 Notes (the “**Class D2 Noteholders**”) and the holders of the Third Issue Class D3 Notes (the “**Third Issue Class D3 Noteholders**”), and together with the Class D1 Noteholders and the Class D2 Noteholders, the “**Class D Noteholders**” and together with the Class A Noteholders and the Class B Noteholders, the “**Noteholders**”) equally, but where there is, in the Note Trustee’s opinion, a conflict between any such interests, the Note Trust Deed requires the Note Trustee to have regard to the interests of only the class of Notes (the Class A Notes, the Class B Notes and the Class D Notes each being treated as a single class for these purposes) involved in such a conflict of interests which rank(s) senior in point of priority to the other class or classes so involved at that time, as more particularly described below.

The Note Trust Deed contains provisions limiting the powers of the Noteholders of a class or classes of Notes which rank(s) junior in priority at the relevant time, to the Notes of another class or classes, *inter alia*, to pass any Extraordinary Resolution (as defined in the Note Trust Deed) or to request or direct the Note Trustee to take any action which might adversely affect the interests of the Noteholders of such class or classes of Notes which rank(s) senior in priority to that class or those classes.

Recourse:

The obligations of the Borrower under the Issuer/Borrower Facility Agreement are on a full recourse basis. The Borrower has created security over its assets on the terms described below to secure such obligations.

Security for the Notes:

The Issuer’s obligations under the Notes together with its obligations to certain of its other creditors, including the Liquidity Provider, the Note Interest Rate Swap Providers and the Borrower under the Loan Interest Rate Swap Agreements are or, as applicable, will be secured by the Issuer Deed of

Charge (as amended and supplemented on the Third Issue Closing Date) which has created or, as applicable, will create first priority fixed and floating charges over substantially all of the assets of the Issuer in favour of the Security Trustee for, *inter alios*, the Noteholders (including the Third Issue Noteholders). See further “*Overview of Principal Documents – Issuer Deed of Charge*”.

The securitised asset backing the issue, being the Property has characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Notes.

Use of Proceeds:

The Issuer will use the proceeds of the issue of the Third Issue Notes as more fully described under “*Use of Proceeds*”.

Redemption provisions relating to all classes of the Notes:

Optional Redemption:

On giving not more than 60 nor less than 30 days’ notice prior to any Interest Payment Date to the Note Trustee and the Noteholders, the Issuer may, in accordance with Condition 5(c)(i), redeem on any Interest Payment Date any class of Floating Rate Notes at a price equal to their relevant Principal Amount Outstanding and any class of Fixed Rate Notes at the price specified in Condition 5(c)(ii), in each case together with accrued but unpaid interest on the Principal Amount Outstanding of the relevant class of Notes up to but excluding the date of redemption.

Any amounts not applied in redemption of the whole of a class or classes of Notes pursuant to Condition 5(b)(i) or Condition 5(c) will be applied in part redemption of the relevant class or classes of Notes *pro rata* so as to reduce the appropriate amount of principal (if any) due under Condition 5(b)(i) in respect of the relevant class or classes of Notes on the Interest Payment Dates following such redemption.

Such redemption will be made following receipt by the Issuer of notification from the Borrower of a prepayment of any Term Advance corresponding to the class of Notes to be redeemed. The Borrower may give such a notice not more than 60 and not less than 30 days prior to any Loan Payment Date in accordance with the terms of the Issuer/Borrower Facility Agreement.

“**Loan Payment Date**” has the same meaning as Interest Payment Date.

The Cash Manager (on behalf of the Issuer) will apply all funds received pursuant to such a prepayment by the Borrower to redeem the Notes in their respective redemption amounts in accordance with the Issuer Pre-Enforcement Priority of Payments.

Mandatory Redemption in Part:

Subject to Conditions 5(b)(ii), (b)(iii), (c), (e) and (g), prior to

the service of a Note Enforcement Notice on the Issuer the Notes will be redeemed in instalments on each Interest Payment Date in the applicable Amortisation Amount.

Pursuant to Condition 5(b)(ii), the Amortisation Amounts due on the Interest Payment Date falling in July 2035 in respect of the Class A3 Notes and the Class B2 Notes and on the Interest Payment Date falling in April 2019 in respect of the Third Issue Class A4 Notes and in April 2024 in respect of the Third Issue Class B3 Notes and Third Issue Class D3 Notes are amounts which are expected to be redeemed on that Interest Payment Date to the extent that the Issuer has received the corresponding principal repayment from the Borrower but failure by the Issuer to redeem the Class A3 Notes and the Class B2 Notes in full on the Interest Payment Date falling in July 2035 or the Third Issue Class A4 Notes on the Interest Payment Date falling in April 2019 or the Third Issue Class B3 Notes or the Third Issue Class D3 Notes on the Interest Payment Date falling in April 2024 will not constitute a Note Event of Default. To the extent that the funds received by the Issuer under the Issuer/Borrower Facility Agreement are insufficient to meet any such Amortisation Amounts in full, the balance will, subject to Condition 15, be deferred to the next following Interest Payment Date on which sufficient funds are available. Under the Issuer/Borrower Facility Agreement, failure by the Borrower to repay the instalments due on the Loan Payment Dates falling in July 2035 in respect of the Class A3 Notes and the Class B2 Notes, April 2019 in respect of the Third Issue Class A4 Notes or April 2024 in respect of the Third Issue Class B3 Notes or the Third Issue Class D3 Notes will constitute a Loan Event of Default.

Pursuant to Condition 5(b)(iii), the Expected Amortisation Amounts due in respect of the Class D1(N) Notes are maximum amounts. To the extent that the funds received by the Issuer under the Issuer/Borrower Facility Agreement are insufficient to meet any such Expected Amortisation Amounts in full, the balance will, subject to Condition 15, be deferred to the next following Interest Payment Date on which sufficient funds are available.

Pursuant to Condition 15(b) and subject to Condition 9, to the extent that, on any Interest Payment Date, the funds received by the Issuer under the Issuer/Borrower Facility Agreement are insufficient to pay in full the aggregate amount of principal due on the Class B Notes or the Class D2 Notes, a pro rata share of the Principal Residual Amount attributable to the relevant class of Notes on such Interest Payment Date shall instead be payable (See "*Terms and Conditions of the Notes*" below).

The Issuer/Borrower Facility Agreement contains

corresponding provisions so that, to the extent that the Borrower has sufficient funds to do so on any Loan Payment Date, it will be obliged to pay to the Issuer such funds as may be needed to make good any such deferred principal.

In all such mandatory redemptions, redemption monies will be applied first in repaying amounts then due in respect of the Class A Notes of each class on a *pari passu* basis, then in repaying amounts then due in respect of the Class B Notes on a *pari passu* basis and lastly in repaying amounts then due in respect of the Class D Notes of each class on a *pari passu* basis.

Following service of a Note Enforcement Notice, and subject to Condition 5(g), the Notes are subject to mandatory *pro rata* redemption in accordance with Condition 5(b)(iv).

Optional Redemption for Tax or Other Reasons:

The Issuer may, at its option and in accordance with Condition 5(e), redeem all, but not some only, of Notes at the prices specified therein together with accrued but unpaid interest on any Interest Payment Date, if:

- (a) by virtue of a change in tax law from that in effect on the Original Closing Date, or, as applicable, the Second Issue Closing Date or the Third Issue Closing Date on the next Interest Payment Date the Issuer or the Borrower would be required to deduct or withhold from payments under the Notes or the Term Loans; or
- (b) it becomes unlawful for the Issuer to make or continue to make advances available to the Borrower pursuant to the Issuer/Borrower Facility Agreement; or
- (c) the Borrower repays all sums owing under the Issuer/Borrower Facility Agreement with proceeds of insurance in accordance with the provisions of the Issuer/Borrower Facility Agreement,

having used (other than in the case of (c) above) its best endeavours to mitigate the effect of the relevant change including using all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved by the Note Trustee as principal debtor under the Notes in accordance with Condition 5(e).

Final Redemption:

Unless previously redeemed in full or purchased and cancelled, the Notes of each class will mature, at their then respective Principal Amounts Outstanding, together with accrued interest thereon, on the Interest Payment Dates set out below:

- (a) in the case of the Class A1(N) Notes, on the Interest Payment Date falling in July 2015;
- (b) in the case of the Class A2 Notes, on the Interest Payment Date falling in July 2033;
- (c) in the case of the Class A3 Notes, on the Interest Payment

Date falling in July 2038;

- (d) in the case of the Third Issue Class A4 Notes, on the Interest Payment Date falling in April 2024;
- (e) in the case of the Original Class B Notes, on the Interest Payment Date falling in January 2029;
- (f) in the case of the Class B2 Notes, on the Interest Payment Date falling in July 2038;
- (g) in the case of the Third Issue Class B3 Notes, on the Interest Payment Date falling in April 2029;
- (h) in the case of the Class D1(N) Notes, on the Interest Payment Date falling in April 2035;
- (i) in the case of the Class D2 Notes, on the Interest Payment Date falling in October 2022; and
- (j) in the case of the Third Issue Class D3 Notes, on the Interest Payment Date falling in April 2029.

each such date being the “**Final Maturity Date**” of the class of Notes to which it relates.

The entire principal amount outstanding of the £50,000,000 Class A1 Floating Rate Secured Notes due 2013 and the £50,000,000 Class D1 Floating Rate Secured Notes due 2017 issued on the Original Closing Date were redeemed by the Issuer on the July 2005 Redemption Date.

Purchase of Notes:

The Issuer is not permitted to purchase any Notes in accordance with Condition 5(g). The Borrower may purchase any of the Notes (subject to certain conditions set out in Clause 8.7 of the Issuer/Borrower Facility Agreement at the time of such purchase) and any Notes so purchased will be surrendered to the Issuer and cancelled.

Interest payable on all Classes of Notes:

Interest is or will be, as the case may be, payable on the Notes quarterly in arrear in pounds sterling on each Interest Payment Date, commencing, in the case of the Third Issue Notes, on the Interest Payment Date falling in April 2014. Interest will be payable on the Third Issue Notes by reference to successive interest periods (each, an “**Interest Period**”) pursuant to Condition 4. The first Interest Period in respect of the Third Issue Notes will commence on (and include) the Third Issue Closing Date and (subject to adjustment in accordance with the Conditions for non-Business Days) will end on (but exclude) the Interest Payment Date falling in April 2014. Each successive Interest Period will commence on (and include) an Interest Payment Date and end on (but exclude) the next succeeding Interest Payment Date, subject in all cases to the detailed provisions of the Conditions in relation to Interest Periods.

Interest on the Notes accrues or will accrue, as the case may be,

on their then Principal Amount Outstanding at an annual rate equal to:

- (a) in the case of the Class A1(N) Notes, the sum of LIBOR for three month sterling deposits (or, in the case of the first Interest Period, the linear interpolation of LIBOR for one and two month sterling deposits) plus a margin of 0.20 per cent.;
- (b) in the case of the Class A2 Notes, 6.50 per cent.;
- (c) in the case of the Class A3 Notes, the sum of LIBOR for three month sterling deposits (or, in the case of the first Interest Period, the linear interpolation of LIBOR for one and two month sterling deposits) plus a margin of 0.29 per cent., up to and including the Step-up Date and thereafter a margin of 0.725 per cent.;
- (d) in the case of the Third Issue Class A4 Notes, 2.875 per cent.;
- (e) in the case of the Original Class B Notes, 7.03 per cent.;
- (f) in the case of the Class B2 Notes, the sum of LIBOR for three month sterling deposits (or, in the case of the first Interest Period, the linear interpolation of LIBOR for one and two month sterling deposits) plus a margin of 0.33 per cent., up to and including the Step-up Date and thereafter a margin of 0.825 per cent.;
- (g) in the case of the Third Issue Class B3 Notes, 4.250 per cent.;
- (h) in the case of the Class D1(N) Notes, the sum of LIBOR for three month sterling deposits (or, in the case of the first Interest Period, the linear interpolation of LIBOR for one and two month sterling deposits) plus a margin of 0.80 per cent., up to and including the Step-up Date and thereafter a margin of 2.00 per cent.;
- (i) in the case of the Class D2 Notes, 8.28 per cent; and
- (j) in the case of the Third Issue Class D3 Notes, 4.750 per cent.

The holders of the Class B Notes and the Class D Notes are entitled to receive payment of interest on the Class B Notes (excluding any Class B2 Step-up Amount) and the Class D Notes respectively (excluding any Class D1(N) Step-up Amount) on any Interest Payment Date only to the extent that the Issuer has funds available for the purpose after making payment on such Interest Payment Date of any liabilities ranking in priority to the Class B Notes and the Class D Notes respectively, all as provided in the Conditions and the Issuer Deed of Charge. Any interest on any Class B Notes and/or Class D Notes not paid on any Interest Payment Date will itself accrue interest and will be paid to the holder of such Class B

Notes or Class D Notes on subsequent Interest Payment Dates to the extent that the Issuer has funds available for such purpose after making payments on each such Interest Payment Date as aforesaid.

Interest on any Class A Notes not paid on any Interest Payment Date will itself accrue interest and will be paid to the holder of such Class A Notes on subsequent Interest Payment Dates to the extent that the Issuer has funds available for such purpose after making payments on such Interest Payment Date as aforesaid.

Withholding Tax:

All payments of interest, principal and premium (if any) on the Notes will be made subject to any applicable taxes required to be withheld or deducted and neither the Issuer nor the Paying Agents will be obliged to pay any additional or further amounts as a consequence thereof. See “Taxation” below for a description of certain aspects of taxation of the Notes.

Ratings:

The Third Issue Class A4 Notes are expected, on issue, to be assigned a AAAsf rating by Fitch Ratings Limited (“**Fitch**”), a AA+(sf) rating by Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies Inc. (“**S&P**”) and a Aaa(sf) rating by Moody’s Investors Service Limited (“**Moody’s**”, and together with Fitch and S&P, the “**Rating Agencies**”, which term includes any further or replacement Rating Agency appointed by the Issuer with the approval of the Note Trustee to give a credit rating to the Notes or any class thereof).

The Third Issue Class B3 Notes are expected, on issue, to be assigned a AAsf rating by Fitch, a AA-(sf) rating by S&P and a Aa2(sf) rating by Moody’s.

The Third Issue Class D3 Notes are expected, on issue, to be assigned a BBBsf rating by Fitch, a BBB(sf) rating by S&P and a Baa2(sf) rating by Moody’s.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if, in its judgment, circumstances (including, without limitation, the underlying characteristics of the Borrowing Group’s business from time to time and/or the Liquidity Provider) in the future so warrant. The ratings assigned to the Notes by the Rating Agencies do not address the likelihood of receipt by any Noteholder of any redemption premium in respect of any of the Notes.

See further “*Risk Factors - Credit ratings may not reflect all risks relating to the Notes*”.

For the purposes of this Prospectus:

“**Rating Event**” means any placing of any class of Notes then

outstanding on credit watch, any downward revision, suspension or withdrawal of the credit ratings at that time assigned by the Rating Agencies (or any of them) to any such class of Notes, or the prevention of restoration of any credit rating previously assigned by any Rating Agency to any such class of Notes as a result of the above (and any confirmation as to the non-occurrence of a Rating Event will contain a statement by the Rating Agencies that they intend to maintain the then current ratings of the Notes).

Listing:

Application has been made to the United Kingdom Listing Authority for the Third Issue Notes to be admitted to the Official List and to London Stock Exchange's regulated market for listed securities.

Information available to Noteholders:

If 20 per cent. or more of Noteholders by Principal Amount Outstanding indicate in writing that they wish to attend an annual presentation, then the Borrower (on behalf of the Issuer) will make an annual presentation for the benefit of the Noteholders at which it will describe the current status of the transactions to which this Prospectus relates (including compliance with its obligations under the Relevant Documents to date) and summarise its anticipated performance for the forthcoming year.

In addition, Noteholders will receive certain accounts and other financial information concerning the Borrower as set out in Condition 5(i), which will include the audited annual accounts and quarterly cash flow statements (as described in the Issuer/Borrower Facility Agreement) of the Borrower.

Further Notes:

Pursuant to Condition 16, the Issuer will be entitled (but not obliged) at its option from time to time on any date, without the consent of the Noteholders, to raise further funds by the creation and issue of Further Notes each of which will be in bearer form and carry the same terms and conditions in all respects (other than the issue date, the first Interest Payment Date and the amount of the first interest and principal payment) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the relevant class of Notes (including the Third Issue Notes).

New Notes:

Pursuant to Condition 16 and the Note Trust Deed, the Issuer will be entitled (but not obliged) at its option from time to time on any date, without the consent of the Noteholders, to raise further funds by the creation and issue of New Notes which do not form a single series with the Third Issue Notes or any of the Notes, will be in bearer form and may rank *pari passu* (or otherwise) with any class or classes of the Notes (including the Third Issue Notes) or in priority to all or any of them (other than the Class A Notes) or behind all or any of them.

Replacement Notes:

Pursuant to Condition 16 and the Note Trust Deed, the Issuer will be entitled (but not obliged), at its option from time to time on any date following the redemption in whole of one or more classes of Notes (including the Third Issue Notes) pursuant to Condition 5(c), without the consent of Noteholders, to raise further funds by the creation and issue of Replacement Notes of an additional new class or classes on terms which shall carry substantially the same terms and conditions in all respects as the class of Notes which have been redeemed, provided that the conditions for the issue of Further Notes have been met in respect of such Replacement Notes.

Third Party Loans:

The Borrower is also entitled, under the terms of the Issuer/Borrower Facility Agreement, to borrow additional sums from third parties other than other members of the ITCGL Group (“**Third Party Loans**”) which may rank *pari passu* with or in priority to any tranche of the Issuer/Borrower Facility, subject to conditions precedent which will be similar to those subject to which the Issuer may issue Further Notes. See “*Overview of Principal Documents — Issuer/Borrower Facility Agreement*”. The provider of any Third Party Loan is required to accede to the terms of the Security Trust Deed. The Borrower Priorities of Payments will be amended to allow for payments under any Third Party Loan. In relation to the security for such Third Party Loans, see “*Overview of Principal Documents — Security Trust Deed*”.

Issuer/Borrower Facility Agreement and Security:

Pursuant to the terms of the Original Issuer/Borrower Facility Agreement, the Issuer made available to the Borrower on the Original Closing Date five term facilities by way of cash advances in amounts matching the initial Principal Amounts Outstanding of each class of the Original Notes (the “**Original Issuer/Borrower Facility**”).

Pursuant to the terms of the Second Issue Issuer/Borrower Facility Agreement, the Issuer (subject to the conditions precedent set out therein) made available to the Borrower on the Second Issue Closing Date an additional four term facilities by way of cash advances in an amount equal to the gross proceeds of the Second Issue Notes.

Pursuant to the terms of the Third Issue Issuer/Borrower Facility Agreement, the Issuer (subject to the conditions precedent set out therein) will agree to make available to the Borrower on the Third Issue Closing Date an additional three term facilities by way of cash advances in an amount equal to the gross proceeds of the Third Issue Notes.

If the Issuer issues any Further Notes, the proceeds of the same will (subject to the satisfaction of certain conditions precedent including conditions as to the purposes for which the Borrower may apply such advances) be made available to the Borrower

by way of further advances under the Issuer/Borrower Facility Agreement.

On each Interest Payment Date the Borrower is obliged to pay interest (including stepped-up interest, where applicable) and repay principal on each tranche of the loan made under the Issuer/Borrower Facility Agreement on terms which match the equivalent provisions for the class of Notes (including the Third Issue Notes) to which the relevant tranche relates. The Borrower is also permitted, in certain circumstances, to prepay all or part of the amounts owing by it under the Issuer/Borrower Facility Agreement (including stepped-up interest) if certain conditions are satisfied, including the requirement that the Borrower pay to the Issuer such amounts as the Issuer may require to meet all sums falling due on the corresponding Notes (including the Third Issue Notes) which are to be redeemed consequent on such prepayment by the Borrower. The Borrower is required to pay additional amounts to the Issuer if withholding tax is imposed on any payments to the Issuer under the Issuer/Borrower Facility Agreement.

Relationship with the Notes:

The Conditions of the Notes (including the Third Issue Notes) and the terms of the Issuer/Borrower Facility Agreement, in certain circumstances, permit an enforcement of the Issuer/Borrower Facility Agreement to take place without a Note Event of Default occurring under the Notes. Such an enforcement without defaulting the Notes would arise only if:

- (a) all payments which rank senior in point of priority to the Notes continue to be paid in full; and
- (b) all scheduled payments which are due on the Notes continue to be paid in full.

A Note Event of Default will constitute a Loan Event of Default under the terms of the Issuer/Borrower Facility Agreement.

Security Trust Deed:

Each of the Borrower's, the Parent's and Intermediate Holdings' obligations under, *inter alia*, the Issuer/Borrower Facility Agreement are secured by the Security Trust Deed which has created first priority fixed and floating charges over all of the assets of the Borrower, the Parent and Intermediate Holdings in favour of the Security Trustee for, *inter alios*, the Issuer. See further "*Overview of Principal Documents — Security Trust Deed*". No security has been or will be granted by ITCGL over the A Preference Shares it holds in the Borrower.

The security interests created under the Security Trust Deed are enforceable upon the service of a Loan Enforcement Notice pursuant to the terms of the Issuer/Borrower Facility Agreement. The Security Trust Deed sets out the order in which the assets of the Borrower will be applied to meet its obligations both prior to and following the enforcement of the

security thereby constituted.

The Security Trust Deed contains provisions allowing the Borrower to request the Security Trustee to release parts of the Property from the security created over the same by the Security Trust Deed in connection with the arrangement by the Borrower of third party finance for the development of the same.

Liquidity Facility:

On the Original Closing Date the Issuer entered into a liquidity facility agreement (the “**Original Liquidity Facility Agreement**”) with the Liquidity Provider, the Cash Manager, the Note Trustee and the Security Trustee under which the Liquidity Provider agreed to make available to the Issuer a revolving credit facility (the “**Original Liquidity Facility**”) on the terms set out therein. Under the terms of the Original Liquidity Facility Agreement, the Liquidity Provider provided a 364 day commitment to permit a drawing to be made in a maximum principal amount of £55,000,000.

On the Second Issue Closing Date the Issuer entered into an amended and restated liquidity facility agreement (the “**Second Issue Liquidity Facility Agreement**”) under which the Liquidity Provider agreed to provide an increase of the Original Liquidity Facility up to £80,000,000 (the “**Second Issue Liquidity Facility**”).

On the Third Issue Closing Date the Issuer will enter into an amended and restated liquidity facility agreement (the “**Third Issue Liquidity Facility Agreement**”) and, together with the Original Liquidity Facility Agreement and the Second Issue Liquidity Facility Agreement, the “**Liquidity Facility Agreement**”) under which the Liquidity Provider agreed to provide the Third Issue Liquidity Facility up to £80,000,000 (the “**Third Issue Liquidity Facility**”).

The Cash Manager, on behalf of the Issuer, may make drawings under the Liquidity Facility to fund payments of interest and certain scheduled repayments of principal in respect of the Notes and to fund certain other expenses of the Issuer, in each case to the extent that there are insufficient funds (a “**Liquidity Shortfall**”) in the Issuer Account to meet items (a) to (g) of the Issuer Pre-Enforcement Priority of Payments payable out of the Issuer Account and any such Liquidity Shortfall results from a non-payment by the Borrower under the Issuer/Borrower Facility Agreement. However, the Liquidity Facility is only available in respect of shortfalls of interest on the Class D1(N) Notes and the Third Issue Notes. In addition, the aggregate amount available for drawing under the Liquidity Facility in respect of payments on the Class D Notes under item (g) of the Issuer Pre-Enforcement Priority of Payments is limited to £15,000,000 (such amount counting towards the £80,000,000

total amount available to be drawn under the Liquidity Facility). (See “*Resources Available to the Issuer and the Borrower — Liquidity Facility Agreement*”).

Under the terms of the Issuer/Borrower Facility Agreement, the Borrower is obliged to make payments to the Issuer in respect of any drawings (other than amounts drawn under the Liquidity Facility Agreement and paid into the Stand-by Account) made by the Issuer under the Liquidity Facility (or from the Stand-by Account) together with interest thereon so that, by the date falling 8 weeks after such drawing is made, the amount drawn and interest and costs thereon are fully repaid or, as the case may be, paid. The Security Trust Deed provides for funds to be withdrawn from the Rent Account to enable such sums to be repaid and paid within that period. Amounts repaid may be redrawn in accordance with the terms outlined in the preceding paragraph.

However, failure by the Borrower to make any such repayment or payment within the stipulated period, constitutes a Loan Event of Default under the Issuer/Borrower Facility Agreement and the making of a drawing under the Liquidity Facility Agreement on two consecutive Interest Payment Dates will also constitute a Loan Event of Default.

Reserve Accounts:

Pursuant to the terms of the Original Issuer/Borrower Facility Agreement, on or about the Original Closing Date the Borrower established an interest bearing deposit account in the name of the Borrower (the “**Primary Reserve Account**”) with a credit balance of £15,000,000. In February 2004, the aggregate rents reserved by all then subsisting Leases (excluding turnover rent and similar sums) exceeded £55,000,000 per annum. Pursuant to the Security Trust Deed, the amount required to be maintained by the Borrower in the Primary Reserve Account was thus reduced to £5,000,000 and the excess has been withdrawn by the Borrower. The required credit balance in the Primary Reserve Account at any one time is the Reserve Account Required Level. See “*Overview of Principal Documents — Issuer/Borrower Facility Agreement*”.

The Borrower is entitled, under the Security Trust Deed, to withdraw monies from the Primary Reserve Account and/or the Secondary Reserve Account, in order to finance a shortfall in the amount required to discharge its obligations as set out in the Borrower Pre-Enforcement Pre-Acceleration Priority of Payments.

The Borrower must withdraw funds from both the Primary Reserve Account and the Secondary Reserve Account prior to requesting the Issuer to drawdown the Liquidity Facility to enable it to meet its payment obligations under the Security Trust Deed and its obligations which rank in priority thereto or

pari passu therewith.

If the Borrower makes a withdrawal from the Primary Reserve Account, unless the Security Trustee agrees otherwise, the Borrower is obliged, under the Issuer/Borrower Facility Agreement, to appoint a Property Adviser (see below) (provided one is prepared to accept such appointment) and to credit all funds available to it (after payment of all amounts of interest and scheduled amounts of principal due or accrued due under the Issuer/Borrower Facility Agreement and amounts ranking in priority to *pari passu* therewith) to the Primary Reserve Account until it reaches the Reserve Account Required Level then required by the Issuer/Borrower Facility Agreement and thereafter, and in accordance with the Borrower Pre-Enforcement Pre-Acceleration Priority of Payments, to an interest bearing deposit account in the name of the Borrower held with the Account Bank (the “**Secondary Reserve Account**” and, together with the Primary Reserve Account, the “**Reserve Accounts**”). The obligation of the Borrower to credit funds to the Secondary Reserve Account ceases when the Borrower achieves a Debt Service Cover Ratio of 1.1:1, but the sums previously accumulated (excluding accrued interest) will remain in the Secondary Reserve Account unless and until the Rating Agencies confirm that the withdrawal of those monies will not result in the occurrence of a Rating Event.

The Secondary Reserve Account is opened in the name of the Borrower and, as at the date of this Prospectus, has a balance of nil.

The Reserve Accounts are subject to fixed security in favour of the Security Trustee pursuant to the Security Trust Deed

Pursuant to the terms of the Cash Management Agreement the Cash Manager, on the instructions of the Borrower, invests all funds standing to the credit, from time to time, of the Reserve Accounts in Eligible Investments. See “*Overview of Principal Documents — Cash Management Agreement*”.

Bank Accounts:

The Borrower has established an account (the “**Collection Account**”) to which all rents and other sums payable by the Tenants under the Leases will be credited. The Borrower has covenanted to ensure that all such rents and other sums, when paid, are credited to the Collection Account.

All sums standing to the credit of the Collection Account which represent rents paid by Tenants under Leases, interest accrued on the Reserve Accounts and advertising income derived from the Property (but excluding sums representing value added tax paid by Tenants in respect of such rents and/or payments (however called) by Tenants in respect of service charges, insurance premiums and similar sums) are transferred to a separate account (the “**Rent Account**”). Interest accrued due on

the Reserve Accounts and the Eligible Investments (if any) are also transferred, when paid, to the Rent Account. Amounts on deposit in the Rent Account are applied to discharge the obligations of the Borrower under the Relevant Documents in accordance with the Priorities of Payments set out in “*Overview of Principal Documents — Security Trust Deed*”.

The Security Trustee will authorise the Borrower, under the terms of the Security Trust Deed, to withdraw surplus funds from the Rent Account provided that two directors of the Borrower have certified that no Loan Event of Default or Potential Loan Event of Default has occurred and is continuing.

All sums other than rent, advertising income and interest accrued in the Reserve Accounts standing to the credit of the Collection Account are transferred to the operating account of the Borrower (the “**Current Account**”). The Borrower has covenanted to apply the monies so transferred in discharging its obligations to account for such value added tax to HM Revenue & Customs when due. The Borrower has covenanted to apply the other monies so transferred (to the extent required) in or towards the cost of services, payment of management fees to the Borrower and insurance premia in respect of which they were paid by the Tenants, in accordance with the terms of the Leases.

The Borrower has also covenanted in the Issuer/Borrower Facility Agreement to deposit any sums received from a Tenant on accepting a surrender of that Tenant’s Lease in a separate account (the “**Surrender Account**”) unless, at the time of the relevant surrender, its Debt Service Cover Ratio is at least 1.3:1. The Borrower is entitled to request the Security Trustee to withdraw funds from the Surrender Account if its Debt Service Cover Ratio subsequently reaches at least 1.3:1 or for certain expenditure connected with the Property.

The Collection Account, the Rent Account, the Current Account and the Surrender Account are subject to fixed security in favour of the Security Trustee pursuant to the terms of the Security Trust Deed to secure, *inter alia*, the obligations of the Borrower under the Issuer/Borrower Facility Agreement (although the security created thereby in respect of the Current Account and the Surrender Account is likely to take effect as a floating charge only).

The Collection Account, the Rent Account, the Primary Reserve Account, the Secondary Reserve Account, the Current Account, the Permitted Accounts (as defined in the Security Trust Deed), the Surrender Account, the Property Insurance Account and the Enforcement Account (as defined in the Security Trust Deed) are the “**Borrower Accounts**” .

Governing Law:

The Notes, including the Third Issue Notes and any non-

contractual obligations arising out of or in connection therewith are or will be governed by English law.

An amount equal to the gross proceeds of the issue of the Third Issue Notes will be applied by the Issuer in making term advances to the Borrower pursuant to the terms of the Issuer/Borrower Facility Agreement. The terms of each advance made to the Borrower will be broadly similar to the corresponding class of Third Issue Notes. These advances will be applied by the Borrower to make one or more Permitted Payments.

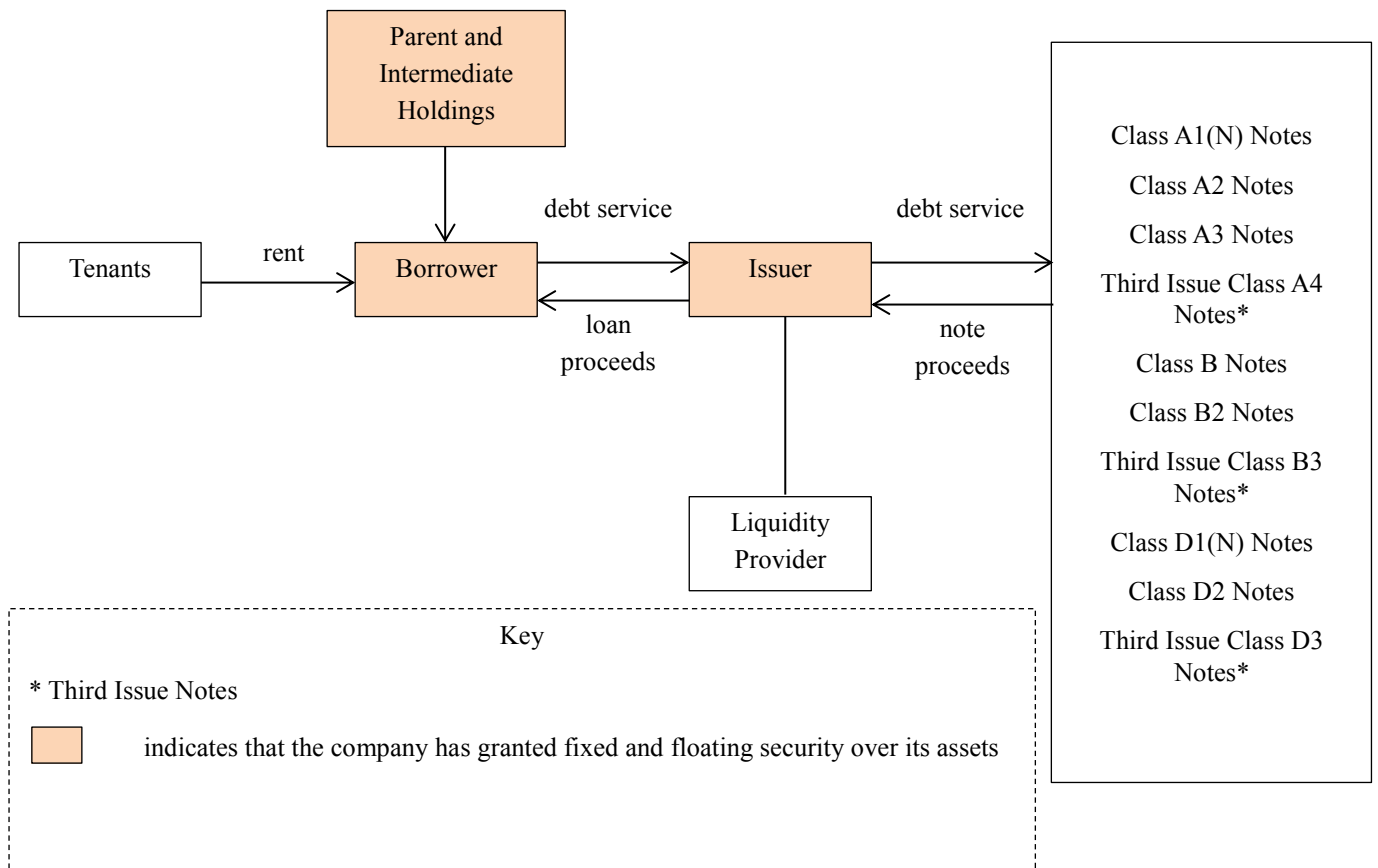
The payment of rent by Tenants under the Leases will provide the primary source of funds for the Borrower to make payments of interest, repayments of principal and certain other payments due under the Issuer/Borrower Facility Agreement.

Subject in each case to and as more particularly set out under “*Overview of Principal Documents — Issuer/Borrower Facility Agreement*”, all payments of interest, repayments of principal and certain other payments due from the Borrower (or, failing which, the Parent and Intermediate Holdings) under the Issuer/Borrower Facility Agreement, all interest earned on the Issuer Account, and (subject to certain limitations more particularly described below) all advances drawn under the Liquidity Facility will be used by the Issuer, *inter alia*, to pay interest and repay principal on the Notes (including the Third Issue Notes) and to pay any amounts due to the Issuer Secured Parties in accordance with their respective entitlements and priorities.

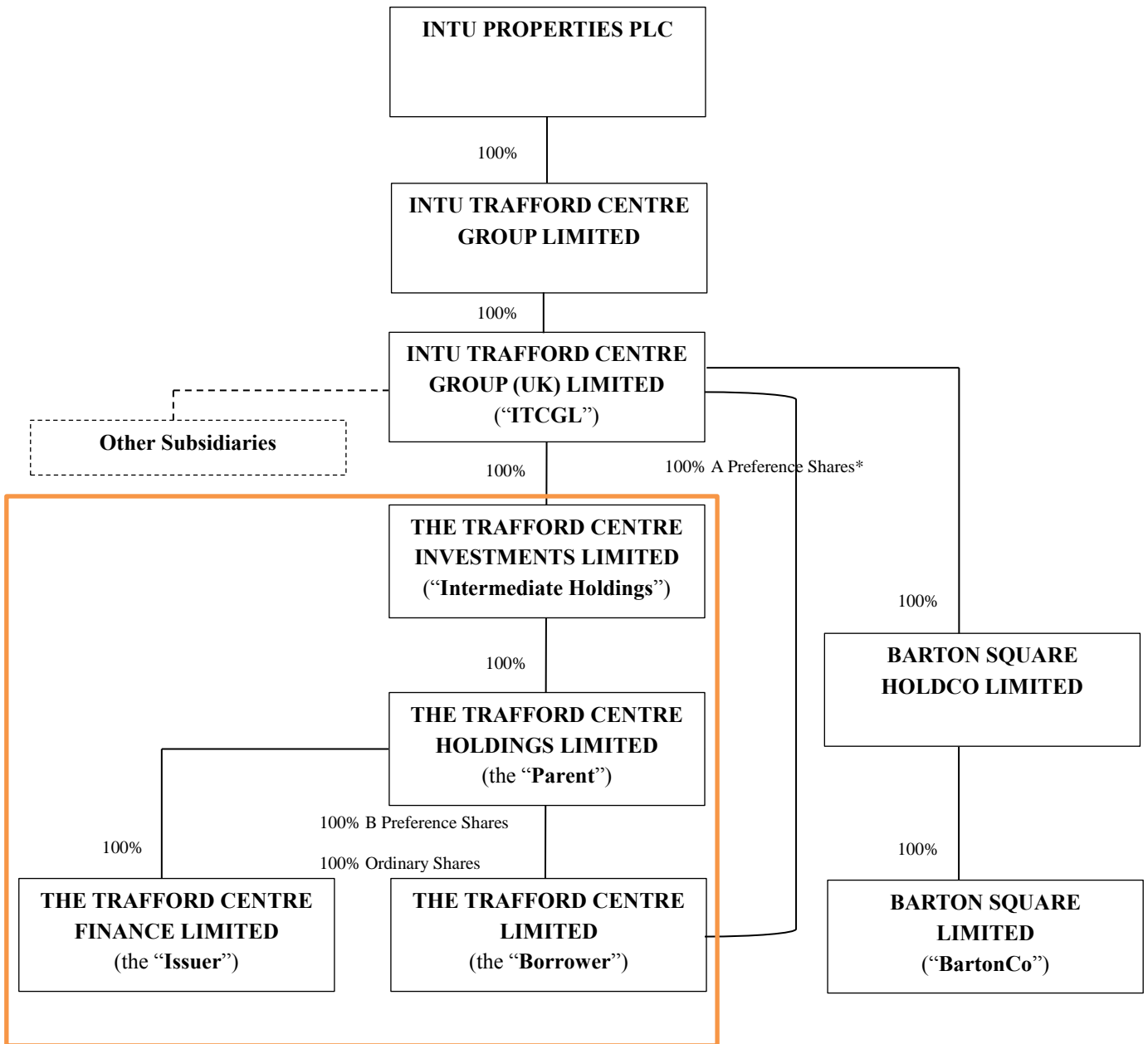
The obligations of the Borrower to the Issuer under the Issuer/Borrower Facility Agreement (together with the obligations of the Borrower to certain of its other creditors, including the Interest Rate Hedge Provider and the Loan Interest Rate Swap Counterparty) are guaranteed by the Parent and Intermediate Holdings. The obligations of the Borrower under the Issuer/Borrower Facility Agreement are secured in favour of the Security Trustee, for the benefit of such creditors, by fixed and floating charges over all of the assets and undertakings of the Borrower and fixed and floating security over all assets of the Parent and Intermediate Holdings. This security is held and (on the service of a Loan Enforcement Notice) enforced by the Security Trustee in accordance with the provisions of the Security Trust Deed.


The Issuer has charged and, as applicable, assigned by way of first fixed security, *inter alia*, all of its right, title, benefit and interest in, to and under the Issuer/Borrower Facility Agreement and the Security Trust Deed in favour of the Security Trustee for the benefit of the Noteholders and the other Issuer Secured Parties pursuant to the Issuer Deed of Charge.

Transaction Structure



The diagram above illustrates in simplified form the transaction structure relating to the Notes. The diagram is provided for informational purposes only and is qualified in its entirety by reference to the detailed information appearing elsewhere in this document.



 Indicates Borrowing Group

* Note: the A Preference Shares shown above do not carry voting rights other than where a preference share dividend is declared and remains unpaid for a period of six months from the date declared for payment of such dividend or in relation to a reduction of capital or variation of the rights attached to A Preference Shares.

The diagram above illustrates the ownership structure of the Group insofar as it relates to the transactions described in this Prospectus. For more information regarding the members of the Borrowing Group, see further "Transaction Overview" above.

RISK FACTORS

An investment in the Notes involves a certain degree of risk. Prospective investors should carefully consider the following risk factors and the other information contained in this Prospectus before making an investment decision. The risks described below relate, in particular, to risks regarding an investment in the Third Issue Notes and are not the only ones the Issuer faces. Additional risks not presently known to the Issuer or that it currently believes to be immaterial may also adversely affect its business. If any such risks or any other matters or unforeseen events actually occur, the Issuer's business, financial condition and results of operations could be materially adversely affected. In any of such cases, the value of the Notes could decline, and the Issuer may not be able to pay all or part of the interest or principal on the Notes and investors may lose all or part of their investment. This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Issuer's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks faced by the Issuer described below and elsewhere in this Prospectus.

The Issuer believes that the risks described below are the principal risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Third Issue Notes may occur for other reasons and the Issuer does not represent that the below statements regarding the risk of holding the Third Issue Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Prospectus lessen some of these risks for Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Third Issue Notes on a timely basis or at all.

Risks Relating to the Borrower's Business Operations

The Borrower faces inherent risks relating to property investment activities.

The Borrower has no business operations other than owning the Property and those activities related to its participation in the transactions described in this Prospectus. The Borrower's ability to meet its obligations under the Issuer/Borrower Facility Agreement and the ability of the Obligor to meet their obligations under the guarantees of the Borrower's obligations under the Relevant Documents is dependent, *inter alia*, on (i) the performance of the Property and the payment by the Tenants of rents pursuant to their relevant Leases, and (ii) the ability of the Borrower to generate continuing Rental Income from the Property when Leases expire or break options are exercised by Tenants, and to maintain the value of the Property at a total amount sufficient to repay its debt.

Revenue earned from, and the value of, the Property and the operating expenses of the Borrower are subject to a number of inherent risks, which include, among others, the following:

- (i) increases in business rates;
- (ii) increases in payroll expenses and energy costs;
- (iii) a competitive rental market, which may affect rental levels and/or occupancy levels at the Property;
- (iv) the amount of rent and the terms on which Lease renewals and new Leases are agreed being less favourable than current Leases;
- (v) the periodic need to renovate and repair the Property and parts thereof, and the cost thereof;

- (vi) the Borrower's ability to collect rent and service charge payments from Tenants on a timely basis or at all;
- (vii) the Borrower's ability to manage increases in the cost of services provided by third-party providers and/or increases in the cost of maintaining the Property including, but not limited to, unforeseen capital expenditure;
- (viii) Tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rental and other contractual payments, inability to collect such payments, the termination of a Tenant's lease or the failure of a Tenant to vacate the Property, all of which could hinder or delay the sale or re-letting of the Property;
- (ix) whether the Property is perceived as attractive, convenient, geographically well-located and safe in order to attract high quality Tenants and to maintain footfall levels at the Property;
- (x) changes in laws and governmental regulations in relation to real estate, including those governing permitted and planning usage, taxes and government charges (including those relating to health and safety and environmental compliance). Such changes may lead to an increase in property management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the Property may also be restricted by legislative actions, such as revisions to existing laws or the enactment of new laws; and
- (xi) the Borrower's ability to obtain adequate maintenance or insurance cover on commercial terms and at acceptable premiums or at all, and the Borrower's ability to recover some, all or any of these premiums from the Tenants.

Such factors could have an adverse effect on the Borrower's business, financial condition and/or results of operations, which could in turn have a material adverse impact on the ability of the Borrower to make repayments under the Term Advances and, in turn, the ability of the Issuer to meet its obligations under the Notes (including the Third Issue Notes). Certain of these risks which the Borrower regards as particularly relevant to investors in the Notes are discussed specifically in the remainder of this section of the Prospectus, together with any mitigating factors which may be applicable.

Deterioration in the UK commercial real estate market could have an impact on the Borrower's revenue.

The Borrower's ability to generate revenues from the Property is linked to occupancy levels, rental payments (including the timeliness thereof) and the scope for rental increases. These factors are themselves determined by a number of other general economic factors outside of the Borrower's control, including, but not limited to the underlying performance of the Tenants that rent space in the Property, which in turn are dependent on consumer spending, the availability of lending and consumer credit, the level of consumer indebtedness, consumer and business confidence, gross domestic product growth, infrastructure quality, financial performance and productivity of industry, levels of employment, interest rates, trends in house prices, fluctuations in weather, taxation, regulatory changes and oil prices.

In addition, as the Borrower manages the Property to maintain occupancy levels and the level of Rental Income and seeks to minimise vacancies (thereby seeking to minimise losses resulting from: (i) a reduction in Rental Income or Service Charge receipts; (ii) a reduction in insurance premiums received from Tenants; and (iii) increases in empty property rate payments) in a weak economic environment it may be required to accept lower rents and lease terms which are less favourable to the Borrower, in each case than it would otherwise have chosen to do. See the risk factor "*The quality of Tenants and occupancy levels at the Property may decline over time as Leases expire, having an adverse effect on the Borrower's business, financial condition and results of operations*" on page 41 for further details.

Prospective investors should note that a number of factors, including the number and diversity of Tenants in the Property, the size of the Property and its associated catchment area should help to mitigate the negative effect on the Rental Income of the Property derived from deteriorating conditions in the real estate market and the wider economy. However, since the Borrower's only material asset is the Property, prospective investors should note the risks associated with this, as more particularly described in the risk factor headed "*Concentration of risk generally*" immediately below this risk factor.

Concentration of risk generally.

The entire amount of the Note issue proceeds will be on-lent to the Borrower. The Borrower's only material asset is the Property itself and it will therefore have access to no funds other than those generated through its ownership of the Property and its letting of the Property to occupational tenants. If the Borrower were to be unable to make payment in full of the amounts due under the Term Advances, this would adversely affect the ability of the Issuer to make payments due in respect of the Notes (including the Third Issue Notes) in full.

Real property investments are subject to varying degrees of risk. Rental revenues and property values are affected by adverse changes in the general economic climate and local conditions (both generally and also from the perspective of the impact such changes may have on individual tenants' retail strategy) such as an oversupply of space, a reduction in demand for retail real estate in an area, competition from other available space which may be more competitively priced and increased operating costs. Rental revenues and property values are also affected by such factors as political developments, government regulations and changes in planning laws or policies and changes in tax laws, interest rate levels, inflation, the availability of financing and yields of alternative investments. Retail rentals and values are sensitive to such factors, which can sometimes result in rapid, substantial increases and decreases in rental and valuation levels.

Competition from new shopping centres, other retail premises and other retail sales channels, including the internet, could have an adverse effect on the Borrower's business, financial condition and results of operations.

The Borrower faces competition from other United Kingdom and international property groups and other commercial organisations active in the United Kingdom property market. Competition in the property market may lead to an oversupply of retail premises through overdevelopment (leading to a difficulty in achieving maximum rents from existing properties) and inflated prices for existing properties or land for development arising from bids by potential purchasers. The Property competes with other retail offerings within its catchment area. The amount of lettable space in the relevant area, the quality of facilities and the nature of stores at such competing retail offerings could each have a material adverse effect on the Borrower's ability to retain Tenants, lease space and on the level of rent it can obtain.

The closest area of significant retail space to the Property is the adjacent Barton Square (owned by the Group), and in Manchester city centre. In the city centre, the largest shopping centre by square footage is Manchester Arndale, also part owned by the Group. The experience of the Borrower in owning the Property has been that the relative proximity of Barton Square and Manchester Arndale does not have a material negative impact on the Property's customer footfall or revenues, and that the shopping centres do not compete with each other for tenants or shoppers to any material degree. In particular, Barton Square is asset managed by the Group to provide a retail and leisure destination that complements, rather than competes with the Property.

Further, retailers at the Property face increasing competition from other forms of retailing including shopping via the internet (although prospective investors should refer to the section entitled "*Asset*

Management and Property Administration” on page 144 for further information on how the Group has taken certain steps to enhance its on-line offering), and also retail parks, supermarkets, discount shopping centres and clubs, outlet malls, catalogues, video and home shopping networks, direct mail and telemarketing, all of which impact on the demand for the Borrower’s retail space.

Any of the foregoing factors could have an adverse effect on the Borrower’s business, financial condition and/or results of operations. Prospective investors should note that, as described above, historically a number of factors, including the number and diversity of Tenants in the Property and (consequently) the convenience of the Property as a ‘one-stop shop’ for customers to be able to meet all or the majority of their retail requirements in a single place, the size of the Property, its brand recognition and prominence within its associated catchment areas and the relatively high barriers to entry to competitors presented by the planning and regulatory regimes in the United Kingdom, have helped to mitigate the negative effect on the Rental Income of the Property derived from excessive competition.

Anchor tenants, other major tenants, and multiple tenants, who provide a significant portion of the Borrower’s Rental Income, are exposed to deteriorating consumer spending in periods of economic uncertainty.

The top ten Tenant Groups of the Property represent approximately 32 per cent. of the Borrower’s passing rent. Bankruptcy, insolvency or a downturn in the business of any of these ‘anchor’ Tenants, or the failure of any such Tenant to renew its lease or insistence on reduced rent as a condition for renewing the lease when it expires, could adversely affect the Borrower’s business, financial condition and/or results of operations as the Borrower regards such Tenants as playing an important part in encouraging customers to visit the Property.

Within the last three years, certain retailers have experienced financial difficulties; some of these retailers have gone into administration, including HMV, Jessops, Diffusion, Modelzone, Republic, Optical Express, Barratts, JJB Sports, Clinton Cards, Game, and Jane Norman. There can be no assurance that further Tenants will not experience financial difficulties or go into administration. Please see the section of this Prospectus entitled “*The Property – Tenant Concentration*” on page 141 below for further details.

If the financial condition of Tenants suffers, the Borrower typically will take steps or make arrangements with such Tenants to proactively manage these situations, for example by agreeing monthly rental payments or temporary reductions in rent. Such steps could also have an adverse effect on the Borrower’s business, financial condition and/or results of operations, notwithstanding that such steps are carried out with the intention of maximising the long-term Rental Income and value of the Property.

In this regard, however, prospective investors should be aware that the Borrower seeks to actively manage the Property and to exercise reasonable skill, care and diligence in doing so. As such, it is expected that any actions taken by the Borrower to manage the relationship with a Tenant or Tenants in difficulty will be taken with the aim of bringing the maximum benefit, or minimum adverse effect, possible to the Borrower. Prospective investors should also note that the Borrower is a member of the Group, and has access to a team of Group employees that has long-standing experience of actively managing the Property and relationships with Tenants in the manner described above.

External events beyond the control of the Borrower may have a negative impact on footfall at the Property

Tenancy demand at the Property is affected by customer footfall and a decrease in footfall may therefore adversely affect demand for, and the value of, the Property. For example, the occurrence of events such as adverse weather, an earthquake, an outbreak of an infectious disease, or any other serious public health concern, could result in a reduction of footfall at the Property.

Furthermore, terrorist attacks, war, natural disasters or industrial action could damage the Property or associated transport infrastructure or otherwise inhibit or prevent access to the Property or harm the demand for and the value of the Property, or discourage consumers from shopping in public places including the Property. While the Borrower does have insurance in place in respect of certain risks, it is (or may become) not economically viable to insure against all risks (including certain of the risks specified above). Furthermore, any such insurance cover that is in place may not be sufficient to cover the full extent of any loss or damage suffered. See the risk factor below entitled “*The Borrower may be insufficiently insured against all losses, damage and limitations of use of the Property*” on page 45 for further details.

Any of the foregoing could have an adverse impact on the Borrower’s business, financial condition and/or results of operations.

The quality of Tenants and occupancy levels at the Property may decline over time as Leases expire, having an adverse effect on the Borrower’s business, financial condition and results of operations.

During the term of the Issuer/Borrower Facility Agreement, almost 100 per cent. by passing rent of the existing Leases which are in place at the date of this Prospectus and any new Leases to be granted in the near future will expire in accordance with their respective contractual terms or have options allowing Tenants to end Leases (i.e. before final maturity on the Notes). There can be no assurance that the Tenants will renew their respective Leases or choose not to exercise break options and, if they do not, that new Tenants of equivalent standing (or at all) will be found to take up replacement Leases. Furthermore, even if such renewals are effected or replacement Leases are granted, there can be no assurance that such renewals or replacement Leases will be on terms (including rental levels and rent review terms) as favourable to the Borrower as those which exist now or before such termination, nor that the covenant strength of Tenants who renew their Leases or new Tenants who replace them will be the same as, or equivalent to, those now existing or existing before such termination (see also “*Risk Factors Relating to the Property*” on page 54 below). However, and as referred to elsewhere in this Prospectus, the Borrower has access to an experienced team of Group employees accustomed to actively managing the Property and relationships with Tenants in such a manner as to mitigate and minimise such risks. Please see the section of this Prospectus entitled “*Asset Management and Property Administration*” on page 144 for further information.

The ability of the Borrower to attract new Tenants paying rent levels sufficient to allow them to meet their obligations under the Relevant Documents will depend on demand for space at the Property and on the regional economy in the Property’s catchment area, which can be influenced by a number of factors. Rental levels and the affordability of rents, the size and quality of the Property, the amenities and facilities offered, the convenience, location and local environment of the Property, the amount of competing space available, the transport infrastructure and the age and facilities (and upkeep) of the Property in comparison with the alternatives and the identity of the anchor Tenants are all examples of factors which influence Tenant demand. Similarly, changes to the infrastructure, demographics, planning

regulations and economic circumstances relating to the surrounding areas on which the Property depends for its Tenant base may adversely affect demand.

A decline in the creditworthiness and quality of Tenants, and/or an increase in the number of vacancies in the Property, could have an adverse impact on the Borrower's business, financial condition and/or results of operations. Prospective investors should note that a number of factors relating to the nature of the Property (such as the convenience of the Property as a 'one-stop shop' for customers able to meet all or the majority of their retail requirements in a single place, the size of the Property, its brand recognition and prominence within its catchment areas), together with the requirement that the Borrower seeks to actively manage the Property as described above, should help to mitigate the risk of a decline in the quality of Tenants or occupancy levels at the Property. Please see the section of this Prospectus entitled "*The Property*" for further information on the Tenants and vacancy rates applicable to the Property.

The geographic location of the Property exposes the Borrower to adverse economic changes within its location and its catchment area.

The Tenants, and consequently the Rental Income of the Property, are exposed to changes in the local economy relating to the location of the Property and its catchment area within the north-west of England. There is no guarantee that performance in the local economy within this region, or specifically within the catchment area of the Property, will be consistent with, match or exceed the average economic performance of the United Kingdom as a whole. As a consequence, the Borrower and the Property are exposed to the risk of under-performance in the local economy, a deterioration in which could have an adverse impact on the Borrower's business, financial condition and/or results of operations which could adversely affect the ability of the Obligor to meet their obligations under the Issuer/Borrower Facility Agreement and the other Relevant Documents and, in turn, the corresponding ability of the Issuer to make payments under the Notes (including the Third Issue Notes) when due.

The market for the Borrower's real estate investments is relatively illiquid, and may result in low disposal prices or an inability to sell the Property.

The Property is relatively illiquid in that there may not be ready buyers with financing who are willing to pay an amount that is sufficient to repay the Term Advances and the Principal Amount Outstanding of the Notes at the time the Borrower desires to sell. Such illiquidity may affect the Borrower's ability to dispose of, or liquidate, the Property in a timely fashion and at a satisfactory price in response to changes in economic, real estate market or other conditions. In the case of an accelerated sale, or in the event of enforcement action by the Security Trustee in accordance with the Security Trust Deed, there may be a significant shortfall between the carrying value of the Property in the Borrower's financial statements and the price achieved on the disposal of the Property, and there can be no assurance that the price obtained from such a sale would cover the book value of the Property.

Periods of reduced liquidity in the capital markets and the availability of finance to fund (or refinance) real estate acquisitions may also mean that it may be difficult to achieve the sale of the Property at an amount that is sufficient to repay the Term Advance and the Principal Amount Outstanding of the Notes at the time the Borrower wishes or is required to sell the Property. In addition, the lack of relevant transactional evidence increases the possibility of being unable to achieve a successful sale of the Property at an acceptable price. Failure to achieve a successful sale of the Property in the future at an acceptable price could have an adverse effect on the Borrower's business financial condition and/or results of operations, which could in turn have a material adverse impact on the ability of the Borrower to meet its obligations with respect to the Term Advances and, in turn, the ability of the Issuer to meet its obligations under the Notes (including the Third Issue Notes).

Reports and Valuation Reports given in relation to the Property will not be independently verified by any of the Issuer, the Security Trustee or the Note Trustee.

The valuations given in relation to the Property are inherently subjective and uncertain, and are based on assumptions which may prove to be inaccurate. In connection with the issuance of the Notes, Cushman & Wakefield LLP (“**Cushman & Wakefield**”) has produced a valuation report (dated as of 18 February 2014 and set out at Annex 2 (“*Valuation Report*”) of this Prospectus) (the “**Valuation Report**”) valuing the Property at £1,821m. However, neither that Valuation Report (nor any further Valuation Reports prepared in connection with the Property) will be independently verified by any of the Issuer, the Security Trustee or the Note Trustee, and there can be no assurance that the Market Price of the Property will continue to be equal to or exceed the valuations given to it in the Valuation Report. Each Valuation Report is inherently subjective due to, among other factors, the nature of the Property, its location and the expected future rental revenues from the Property at a particular point in time, and subject to various limitations, qualifications and assumptions. Assumptions often differ from the current facts regarding such matters, may prove to be inaccurate, and are subject to various risks and contingencies, many of which are not within the control of the Issuer, the Security Trustee or the Note Trustee. In addition, as a “prime” real estate asset, the Property may attract a valuation based on lower investment yields. Moreover, a valuation is only an estimate of value at the date it is given and should not be relied upon as a measure of realisable value in the future. Further, a valuation seeks to establish the amount a typically motivated buyer would pay a typically motivated seller. Such amount could be significantly higher than the amount obtained from the sale of the Property in a distress or liquidation sale. In addition, due to the inherently subjective nature of a valuation (i) it is possible that any two valuers may not determine the same Market Price of the Property, even if provided with the same information relating thereto, and as such (ii) a margin of error between two valuations is commonly accepted. For these purposes, “**Market Price**” means the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming: (i) a willing seller; (ii) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale; (iii) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation; (iv) that no account is taken of any additional bid by a prospective purchaser with a special interest; (v) and that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

The assumptions and risks relating to the Valuation Report are set out in section “*Assumptions, Departures and Reservations*” of the Valuation Report, attached at Annex 2 (“*Valuation Report*”) of this Prospectus. Prospective investors should also be aware that Cushman & Wakefield, who has undertaken the Valuation Report in respect of the Property as at the Valuation Report Cut-Off Date (and included in this Prospectus at Annex 2 (“*Valuation Report*”)) has historically undertaken valuation work in relation to the Property, under engagement by the Borrower.

A deterioration in the UK commercial real estate market could cause the value of the Property to fall.

Despite recent signs of stabilisation in the UK real estate market, there can be no assurance that the Valuation Reports obtained with respect to the Property from time to time would be reflected in actual transaction prices, even where any such transactions occur shortly after the date of the relevant Valuation Report. This is particularly the case in periods of volatility or when there has been limited transactional evidence against which property valuations can be benchmarked. In addition, the value of the Property is dependent on a number of factors impacting the UK commercial real estate market,

including the level of rental income received and anticipated to be received with respect to the Property. See also the risk factor entitled “*Deterioration in the UK commercial real estate market could have an impact on the Borrower’s revenue*” on page 38 above. If the value of the Property was to decline, this could negatively impact (i) the ability of the Borrower to comply with its obligations under the Relevant Documents, and (ii) the ability of the Borrowing Group to refinance the Financial Indebtedness of the Borrower.

The Borrower may face restrictions or liabilities under applicable laws and regulations.

The Borrower is required to comply with a variety of laws and regulations in the United Kingdom and from European Union authorities, including planning, environmental, fire, health and safety, tax, landlord and tenant and other laws and regulations. If the Borrower fails to comply with these laws and regulations, the Borrower may have to pay penalties or private damages awards.

For example, there could be changes in retail tenancy laws that limit the Borrower’s recovery of certain property operating expenses, changes or increases in real estate taxes that cannot be fully recovered from the Borrower’s Tenants or changes in environmental laws or building regulations that require significant capital and/or recurring expenditure that cannot be fully recovered from the Borrower’s Tenants. A number of Leases entered into by the Borrower exclude the application of the Landlord and Tenant Act 1954, an act which gives Tenants the right to renew leases through a court system. If there were a change in law affecting the ability to exclude these rights, there is a risk that the Borrower would not be able to enter into Leases which, on expiry, could be re-let on more favourable terms to more attractive tenants, which could affect the Rental Income of the Borrower and the overall profitability of the Borrower in the future. Nevertheless, prospective investors should note, as highlighted above, that the Borrower is a member of the Group, has access to a team of Group employees that has long-standing experience of managing the Property, and are accustomed to actively managing the Property in order to reduce and mitigate such risks.

Changes in existing laws or regulations, or in their interpretation or enforcement, could require the Borrower to incur additional costs in complying with those laws, or require changes to its investment strategy, operations or accounting and reporting systems, leading to additional costs and tax liabilities or loss of revenue, which could materially adversely affect the Borrower’s business, financial condition and/or results of operations.

The Borrower is at risk of the compulsory acquisition of the Property from time to time.

Any property or part of any property in the UK may, at any time, be compulsorily acquired by a government department or local authority in connection with proposed redevelopment or infrastructure projects. If a compulsory purchase order were made in respect of the Property or part of the Property, compensation would be payable on the basis of the value of all owners’ and tenants’ proprietary interests in the Property at the time of the related purchase as determined by reference to a statutory compensation code, but the compensation could be less than the Borrower’s assessment of the Property’s current Market Price (or the relevant apportionment of such Market Price where only part of the Property is subject to a compulsory purchase order). In the case of an acquisition of the whole or part of the Property, the relevant freehold estate would be acquired. If the amount received from the proceeds of purchase of the freehold estate were inadequate, the Borrower’s business, financial condition and/or results of operations may be adversely affected. This could, in turn, have a material adverse impact on the ability of the Borrower to make repayments under the Term Advances and, in turn, the ability of the Issuer to meet its obligations under the Notes (including the Third Issue Notes).

There may be a delay between the compulsory purchase of the Property or any part of the Property and the payment of compensation, the length of which will largely depend upon the ability of the property

owner and the entity acquiring the property to agree on the open Market Price. Should such a delay occur, then, unless the Obligors have other funds available to them, this delay may prejudice their ability to meet their obligations in respect of the Issuer/Borrower Facility Agreement and the other Relevant Documents and the corresponding ability of the Issuer to make payments of principal and interest under the Notes when due and payable may be adversely affected. The proceeds received by the Borrower as compensation as a result of any compulsory acquisition of the Property, are required to be applied in the prepayment of Term Advances, as more particularly described below in the section of this Prospectus entitled “*Overview of Principal Documents – Issuer/Borrower Facility Agreement*” on page 87 below.

Under the Greater Manchester (Light Rapid Transit System) Act 1992 (the “**LRTS Act**”), the Greater Manchester Passenger Transport Executive (the “**GMPTE**”) has powers to construct an extension of the public transport light rapid transit system which serves parts of Greater Manchester (commonly called Metrolink) into Trafford Park passing through/near the Property and terminating near Barton Square. If constructed, the extension of Metrolink would be beneficial in that it would provide an additional transport link to the Property. Following discussions with the GMPTE, the proposed route of the extension and the proposed station on the Property were safeguarded in the design and construction of the Property. The powers contained in the LRTS Act include powers of compulsory purchase. The Borrower has entered into an agreement with GMPTE whereby, GMPTE agrees not to exercise compulsory purchase powers in respect of the relevant part of the Property in return for the grant to it by deed of the right to construct and operate the Metrolink on that part of the Property with ancillary rights to lay services and of access. The agreement also provides for the Borrower to approve the proposals for carrying out and completing the Metrolink on the Property (such approval not to be unreasonably withheld or delayed). The perception of the Borrower is that the construction of the extension will occur between 2016 and 2019. Insofar as the extension is not constructed, the competitiveness of the Property may decline particularly if competing centres or areas improve their transport links.

The Borrower may be insufficiently insured against all losses, damage and limitations of use of its Property.

The Issuer/Borrower Facility Agreement requires the Borrower to maintain or procure that there is maintained certain insurance cover with respect to the Property consistent with market practice. In particular, the Borrower is obliged to keep the Property insured to an amount equal to the sum of its full replacement value including the costs of demolition and debris removal (which shall be determined in accordance with commercial property market practice generally) and loss of rent for a period of not less than sixty months; keep the Property insured with insurers acceptable to the Rating Agencies and otherwise previously approved in writing by the Security Trustee; maintain insurances as are normally maintained by companies carrying on similar businesses; keep and maintain all insurance policies in the joint names of the Borrower, the Issuer and the Security Trustee; notify the Security Trustee of any claim made by it under any of the Borrower’s insurance policies in an amount in excess of £500,000; send certain notices of assignment to the various insurers notifying them of the interest of the Security Trustee in the insurance policies.

Such requirement will be subject to the economic availability of such insurance generally in the global insurance market. The Borrower may remain exposed (or become further exposed) to certain uninsured risks, for example, where insurance is not generally available or is not generally available on commercially reasonable terms.

The Borrower’s insurance policies are subject to exclusions of liability and limitations of liability both in amount and with respect to the insured loss events.

In addition, there are certain types of losses, generally of a catastrophic nature, such as those caused by earthquakes, floods, hurricanes, terrorism or acts of war that may be or become uninsurable or unavailable on commercially reasonable terms. Inflation, changes in building codes and ordinances, environmental considerations and other factors, including terrorism or acts of war, also may result in insurance proceeds, if any, being insufficient to repair or replace the Property if it is damaged or destroyed. Under such circumstances, the insurance proceeds, if any, may be inadequate to restore the Borrower's economic position with respect to the affected real estate. Should an uninsured loss or a loss in excess of insured limits occur, the Borrower could lose capital invested in the Property as well as anticipated future revenue from the Property. In addition, the Borrower could be liable to repair damage caused by uninsured risks. The Borrower would also remain liable for any debt or other financial obligation related to the Property. There can be no guarantee that the level of insurance cover for the Borrower now or in the future will be sufficient. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that any insurance proceeds will be received at all. If such losses occur and are not covered by insurance and the Borrower has to make a payment, there could be an adverse effect on the Borrower's business, financial condition and/or results of operations. This could, in turn, have a material adverse impact on the ability of the Borrower to make repayments under the Term Advances and, in turn, the ability of the Issuer to meet its obligations under the Notes (including the Third Issue Notes).

There is a risk of accidents involving the public at the Property. However, should an accident attract publicity or be of a size and/or nature that is not adequately covered by insurance, the resulting publicity and/or costs could have an adverse impact on the Borrower's reputation, business, financial condition and results of operation. In such instance, the Borrower's ability to put in place public liability insurance cover in the future may also be adversely affected. This could, in turn, have a material adverse impact on the ability of the Borrower to make repayments under the Term Advances and, in turn, the ability of the Issuer to meet its obligations under the Notes (including the Third Issue Notes).

The Borrower may not be successful in completing development projects as planned, or on commercially favourable terms.

The Borrower may (subject to compliance with relevant covenants in the Issuer/Borrower Facility Agreement regarding permitted Developments) undertake refurbishments, development and capital enhancement work at the Property (see below for further details). As at the date of this Prospectus, the Borrower anticipates incurring approximately £21 million in the next 4 years on enhancement and refurbishment works to the Property primarily in relation to reconfiguring shop units (such as U14, U71, MSU4 and R9); adding retail to Bridge Link 4; provision of new escalators within The Orient; and creation of retail space at Level 3 above Service Yard 9. Prospective investors should see further the section of this Prospectus entitled "*The Property*", and in particular the sub-section entitled "*Current Development Work at the Property*" for further information on current enhancement and refurbishment works underway or contemplated at the Property.

Development projects may require substantial capital expenditure, and it usually takes a considerable amount of time before projects are completed and become income generating. Certain general risks affect Development and refurbishment activities, including risks relating to completion, the possibility of construction overruns (both in terms of time and budget), the risk of not obtaining, or delays in obtaining, necessary administrative permits, statutory consents and planning permissions and risks relating to the financing of the Development. Inaccurate assessment of a Development opportunity or a decrease in Tenant demand due to competition from other commercial real estate properties or adverse market conditions, could result in a substantial proportion of the Development remaining vacant after completion and exert pressure on the Borrower to provide rental or capital incentives to Tenants (see

also “*Competition from new shopping centres, other retail premises and other retail sales channels, including the internet, could have an adverse effect on the Borrower’s business, financial condition and results of operations*” on page 39 above).

In addition, there are risks associated with (i) the failure to obtain title to property required by the Borrower for development, and (ii) failure by third parties, including failure to complete or comply with a compulsory purchase order made by a local authority. In addition, the Borrower may become subject to obligations under development agreements giving rise to additional expenditure commitments, and the changing economic environment could mean projects no longer meet the relevant Obligor’s criteria for Development. Any of these factors could increase the cost of, or could delay or prevent completion of, a project and/or could result in a delay or loss of revenues or of capital invested. In addition, overruns on any new or existing developments (or the insolvency of contractors or failure of contractors to perform obligations) may have an adverse impact on the financial viability of the scheme and may lead to the need for additional funding.

Despite insurance coverage, the development, restructuring and sale of premises may also give rise to actions being brought against the Borrower in connection with actual or alleged defects in the Property. Please see “*The Borrower may be insufficiently insured against all losses, damage and limitations of use of its Property*” on page 45, above.

Consequently, there can be no assurance that the existing or future development of property by the Borrower will not have an adverse effect on the Borrower’s business, financial condition and/or results of operations. This could, in turn, have a material adverse impact on the ability of the Borrower to make repayments under the Term Advances and, in turn, the ability of the Issuer to meet its obligations under the Notes (including the Third Issue Notes).

The Issuer/Borrower Facility Agreement contains certain restrictions on the nature, scope and amount of Developments which may be undertaken by the Obligors. In particular, under the Issuer/Borrower Facility Agreement, the Borrower may only undertake a Development if the following conditions are satisfied: (A) such Development is financed by one or a combination of: (i) the Tenants, (ii) existing excess cashflows from the Property, (iii) to the extent permitted by the Security Trust Deed, the Surrender Account, (iv) certain third parties who agree to be subordinated to the obligations of the Borrower and who agree to be bound by the provisions of the Security Trust Deed, or (v) Further Term Facilities, New Term Facilities or Third Party Facilities; and (B) for the duration of the period required to fully implement such Development: (i) the Debt Service Cover Ratio is (and, in the opinion of the directors of the Borrower, will be) at least 1:4:1; (ii) such arrangements are put in place to protect against any short term shortfalls in income that may arise as a result of the Development and ensure that the Rating Agencies confirm that such Development will not result in a Rating Event; and (C) where a Development is a Major Development, the directors of the Borrower issue a Certificate of Expediency to the Security Trustee, provided that in giving such a Certificate of Expediency the directors of the Borrower will undertake a duty of care to the Security Trustee in respect of the judgements exercised therein.

The Obligors are dependent upon the personnel of the Group to manage and service the Property.

The Borrower has no employees and is therefore entirely dependent on third parties to manage and administer its business.

The Borrower, who is a member of the Group and has access to a team of Group employees that has long-standing experience of actively managing the properties of the Group, provides management and administration services to the Borrower in respect of the Property.

Any failure by the Group personnel appointed by the Borrower to provide the services to the required level could adversely affect the business of the Borrower which, in turn, could adversely affect the ability of the Obligors to meet their obligations under the Relevant Documents.

Please also see the risk factor “*The Borrower’s success depends on attracting and retaining key personnel*” below.

The Borrower’s success depends on attracting and retaining key personnel.

The Borrower’s success depends, to a significant extent, on the continued services of the Group’s executive management and property administration teams, which have substantial experience in the property industry. In addition, the Borrower’s ability to continue to manage a shopping centre of the nature of the Property depends on the Group’s knowledge of, and expertise in, the property market. There is no guarantee that any of the executive management or property administration teams will remain employed by the Group, and therefore cease to provide their expertise to the Borrower and the Property. The sudden and/or unanticipated loss of the services of one or more members of the executive management or property administration teams could have an adverse effect on the Borrower’s business, financial condition and/or results of operations which could, in turn, have a material adverse impact on the ability of the Borrower to make repayments under the Term Advances and, in turn, the ability of the Issuer to meet its obligations under the Notes (including the Third Issue Notes).

See also the risk factor “*The Obligors are dependent upon the personnel of the Group to manage and service the Property*” on page 47 above.

Credit Enhancement and Subordination

Payments of principal, premium (if any) and interest on the Class A Notes (including the Third Issue Class A4 Notes) will be made in priority to payments of principal, premium (if any) and interest on the Class B Notes and the Class D Notes. Similarly, payments of principal, premium (if any) and interest on the Class B Notes (including the Third Issue Class B3 Notes) (excluding the Class B2 Step-up Amount) will be made in priority to payments of principal and interest on the Class D Notes. In addition, the Borrower may defer scheduled amounts of principal due on the Term D1(N) Facility to the extent it has insufficient funds to pay the same, as a consequence of which the Issuer will defer a corresponding amount of principal in respect of the Class D1(N) Notes (see Condition 5(b)(iii)).

The obligation of the Issuer to pay any Class A3 Step-up Amount is subordinated to payments of other interest and scheduled principal on the Notes, excluding any Class B2 Step-up Amount and any Class D1(N) Step-up Amount, in accordance with Condition 15(e) and the Issuer Priorities of Payments. The obligation of the Issuer to pay any Class B2 Step-up Amount is subordinated to payments of other interest and scheduled principal on the Notes, excluding any Class D1(N) Step-up Amount, in accordance with Condition 15(e) and the Issuer Priorities of Payments.

If, upon a redemption in whole of the Class B Notes and/or the Class D Notes or upon enforcement of the security for the Class B Notes and/or the Class D Notes, there are insufficient funds available, after payment of all other claims ranking in priority to or *pari passu* with the Class B Notes and/or the Class D Notes (as applicable), to pay in full all outstanding principal and accrued interest (including any shortfalls of interest and/or principal and interest accrued thereon) in respect of the Class B Notes and/or the Class D Notes, then, and notwithstanding any other provisions of the Conditions, the Issuer’s liability to pay such accrued interest and outstanding principal will be deferred until the Interest Payment Date falling in January 2029 (in the case of the Original Class B Notes), the Interest Payment Date falling in April 2029 (in the case of the Third Issue Class B3 Notes and the Third Issue Class D3 Notes) and the Interest Payment Date falling in July 2038 (in the case of the Class B2 Notes). There is

no assurance that the Issuer will have funds sufficient to pay principal and interest on the Class B Notes and/or the Class D Notes even on the Interest Payment Date to which such amount is deferred. In any event, should the Issuer not have sufficient funds to pay such amounts, the Issuer's assets are likely to be insufficient to pay the same in full.

The Liquidity Provider is also a secured creditor of the Issuer pursuant to the Issuer Deed of Charge. All Senior Liquidity Facility Amounts will be paid in priority to the payment of interest and principal on the Notes. Class B Noteholders and Class D Noteholders should, therefore, have regard to the risk factors identified herein in determining the likelihood or extent of any such shortfall.

In certain circumstances, payments of interest and/or principal under the Class B or Class D Notes may be deferred.

Pursuant to Condition 15(a) (*Subordination - Interest*) (but subject to the provisions of Condition 9), in the event that, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts referred to in items (a) to (e) (inclusive) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class B Notes (excluding the Class B2 Step-up Amount)) or items (a) to (f) (inclusive) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class D Notes (excluding any Class D1(N) Step-up Amount)), are not sufficient to satisfy in full the aggregate amount of interest due and payable on the Class B Notes (excluding any Class B2 Step-up Amount) or the Class D Notes (excluding any Class D1(N) Step-up Amount) (as the case may be) on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class B Note or Class D Note, as applicable, only a *pro rata* share of the amount attributable to the relevant class of Notes on such Interest Payment Date. The shortfall shall be deferred for payment until any succeeding Interest Payment Date only if and to the extent that, on such Interest Payment Date, the funds available to the Issuer to make payments of items (a) to (k) inclusive of the Issuer Pre-Enforcement Priority of Payments (the "**Issuer Available Funds**"), after deducting the amounts referred to in items (a) to (e) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class B Notes) or items (a) to (f) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class D Notes) respectively are sufficient to make such payment.

Pursuant to Condition 15(b) (*Subordination - Principal*), (and subject to the provisions of Condition 9) in the event that, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts referred to in items (a) to (e) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class B Notes) or items (a) to (f) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class D2 Notes), are not sufficient to pay in full the aggregate amount of principal due on the Class B Notes or the Class D2 Notes (as the case may be) on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of principal on each Class B Note or Class D2 Note, as applicable, only a *pro rata* share of the amount attributable to the relevant class of Notes on such Interest Payment Date calculated by dividing the relevant Principal Residual Amount by the number of Class B Notes or, as the case may be, Class D2 Notes then outstanding.

Holders of the Class B Notes and Class D2 Notes should note that in the case of any such deferral, the same shall not constitute a Note Event of Default, and that these provisions shall only cease to apply once the Class A Notes (in the case of the Class B Notes), or the Class A Notes and the Class B Notes (in the case of the Class D2 Notes) have been redeemed in full.

Holders of the Class D1(N) Notes should also be aware that pursuant to Condition 5(b)(iii), the Expected Amortisation Amounts for each Interest Payment Date in the case of the Class D1(N) Notes are maximum amounts which are expected to be repaid on such dates. To the extent that, on any Interest Payment Date, the Issuer has insufficient funds available to meet the relevant Expected Amortisation

Amount in accordance with the Issuer Pre-Enforcement Priority of Payments to enable such amount to be paid in full, then to the extent of such deficit, no such amount shall fall due for payment other than in the case of the Interest Payment Date falling in April 2035 on which date the relevant Expected Amortisation Amount for that date shall be due in full together with any Expected Amortisation Amounts deferred in whole or in part on any previous Interest Payment Date. If, on any subsequent Interest Payment Date, there are funds available under the Issuer Pre-Enforcement Priority of Payments to pay an amount in excess of the applicable amount in respect of the Class D1(N) Notes on that day, then there shall also fall due for payment on such day, to the extent of funds so available, an amount in respect of all previous Expected Amortisation Amounts which have not been paid in full (corresponding deferral arrangements also apply to the Borrower's payments of amounts due on the Term D1(N) Facility under the Issuer/Borrower Facility Agreement to the Issuer, as to which see "*Resources Available to the Issuer and the Borrower – Borrower Priorities of Payments*" below).

Any such deferral on the Class D1(N) Notes or the Term D1(N) Facility shall not constitute a Note Event of Default or Loan Event of Default (as applicable), and such provisions will continue to apply whether or not the Class A Notes and the Class B Notes have been redeemed in full.

Holders of the Class A3 Notes, the Class B2 Notes and the Third Issue Notes should be aware that the Amortisation Amounts specified as being due on the Interest Payment Date in July 2035 (in respect of the Class A3 Notes and the Class B2 Notes), the Interest Payment Date in April 2019 (in respect of the Third Issue Class A4 Notes) and the Interest Payment Date in April 2024 (in respect of the Third Issue Class B3 Notes and the Third Issue Class D3 Notes) are amounts which are expected to be redeemed on such dates to the extent that the Issuer has received the corresponding principal repayments from the Borrower pursuant to the Issuer/Borrower Facility Agreement on that date. To the extent that the Issuer has not received the relevant principal repayments from the Borrower on such Interest Payment Date pursuant to the Issuer/Borrower Facility Agreement a Loan Event of Default will occur under the Issuer/Borrower Facility Agreement in respect of the corresponding Term Advances, but no such amount shall fall due for payment in respect of the relevant class of Notes other than in the case of the Interest Payment Date falling in July 2038 (in the case of the Class A3 Notes and the Class B2 Notes), the Interest Payment Date falling in April 2024 (in the case of the Third Issue Class A4 Notes) and the Interest Payment Date falling in April 2029 (in the case of the Third Issue Class B3 Notes and the Third Issue Class D3 Notes). To the extent that, on any Interest Payment Date, there are insufficient funds available to meet the relevant Amortisation Amount in accordance with the Issuer Pre-Enforcement Priority of Payments to enable such amount to be paid in full, then to the extent of such deficit, no such amount shall fall due for payment other than in the case of the Interest Payment Date falling in July 2038 (in the case of the Class A3 Notes and the Class B2 Notes), the Interest Payment Date falling in April 2024 (in the case of the Third Issue Class A4 Notes) and the Interest Payment Date falling in April 2029 (in the case of the Third Issue Class B3 Notes and the Third Issue Class D3 Notes) on which date the relevant Amortisation Amount for that date shall be due in full together with any Amortisation Amounts deferred in whole or in part on any previous Interest Payment Date. The foregoing provisions apply notwithstanding that the class of Notes is, on the date expected for redemption, the Most Senior Class of Notes.

Matters relating to the Note Trustee and the Security Trustee

The Note Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Class A Noteholders, Class B Noteholders and Class D Noteholders as a single class as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise), but requiring the Note Trustee in any such case to have regard only to (i) (for so long as there are any Class A Notes outstanding) the interests of the Class A Noteholders (as a single

class) if, in the Note Trustee's opinion, there is a conflict between the interests of (a) the Class A Noteholders and (b) the other Noteholders or (ii) (if there are no Class A Notes outstanding) the interests of the Class B Noteholders (as a single class) if, in the Note Trustee's opinion, there is a conflict between the interests of (a) the Class B Noteholders and (b) the Class D Noteholders. Similarly, the Note Trust Deed requires the Note Trustee to have regard only to the interests of the Class B Noteholders (as a single class) if, in the Note Trustee's opinion, there is a conflict between the interests of (a) the Class B Noteholders and (b) the Class D Noteholders, if the Class A Notes are outstanding and the relevant matter does not affect the interests of the Class A Noteholders. Accordingly, the interests of junior classes of Notes may not always be taken into account.

In relation to certain matters (including, in particular, a disposal of assets by the Borrower) the consent of the Note Trustee and/or the Security Trustee is required to be obtained under the Issuer/Borrower Facility Agreement.

The Issuer Deed of Charge contains provisions requiring the Security Trustee, in giving such consent, to have regard to the interests of the Issuer Secured Parties (which include the Noteholders) as a single class as regards all rights, powers, trusts, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise), but requiring the Security Trustee in any such case to have regard only to (i) (for so long as there are any Class A Notes outstanding) the interests of the Class A Noteholders (as a single class) if, in the Security Trustee's opinion, there is a conflict between the interests of (a) the Class A Noteholders and (b) any other Issuer Secured Parties under the Issuer Deed of Charge or (ii) (if there are no Class A Notes outstanding) the interests of the Class B Noteholders (as a single class) if, in the Security Trustee's opinion, there is a conflict between the interests of (a) the Class B Noteholders and (b) any other Issuer Secured Parties under the Issuer Deed of Charge or (iii) (if there are no Class A Notes or Class B Notes outstanding) the interests of the Class D Noteholders (as a single class) if, in the Security Trustee's opinion, there is a conflict between the interests of (a) the Class D Noteholders and (b) any other Issuer Secured Parties under the Issuer Deed of Charge, save that for so long as there are any amounts drawn but not paid under the Liquidity Facility Agreement, the Security Trustee is required to obtain the prior consent of the Liquidity Provider in respect of certain material amendments proposed to be made to the Relevant Documents. There can be no assurance that such consent will be given.

Note Trustee and Security Trustee only bound to take enforcement action in certain limited circumstances

Each of the Security Trustee and the Note Trustee may at any time, at its discretion and without notice, take enforcement action in relation to the Notes but will only be bound to take enforcement action in certain, limited, circumstances set out in Condition 10. In particular, neither the Note Trustee or the Security Trustee shall be bound to take any enforcement action unless the Note Trustee has been directed by an Extraordinary Resolution of the most senior class of Notes then outstanding (the "**Most Senior Class of Notes**"). Accordingly, the interests of individual Noteholders of the Most Senior Class of Notes may not be taken into account. Investors should note that to the extent that an Extraordinary Resolution is not passed by the Most Senior Class of Notes, or the holders of the Most Senior Class of Notes direct the Note Trustee or the Security Trustee to refrain from enforcing security, neither the Note Trustee or Security Trustee will be bound to take enforcement action, notwithstanding that holders of more junior classes of Notes may wish to take such enforcement action. In addition, no Noteholder is entitled to proceed directly against the Issuer or any other party to any Relevant Document or to enforce the Issuer Deed of Charge (unless the Note Trustee, or, as the case may be, the Security Trustee having become bound to do so, fails to do so within a reasonable period as described in Condition 10) and is therefore dependant on the Note Trustee and the Security Trustee to take enforcement action (equivalent

provisions apply to the Secured Parties restricting them from proceeding directly against the Borrower under the Security Trust Deed as to which see “*Overview of the Principal Documents – Security Trust Deed*”).

Other Obligations of the Issuer

In the circumstances described in the Conditions, and subject to certain conditions being met, the Issuer is also entitled to raise additional finance through the issue of additional New Notes. Such New Notes will be secured over the same assets that secure the Notes (including the Third Issue Notes). However, it is a condition precedent to any issue of additional New Notes that the Rating Agencies confirm that such issue will not result in a Rating Event.

If any additional New Notes were to rank *pari passu* with an existing class of Notes (including the Third Issue Notes), the Note Trustee would be required to have regard to the interests of both the holders of the existing class of Notes and the New Notes as if they formed a single class when exercising its rights, powers, trusts, authorities, duties and discretions (except in certain circumstances as set out in the Note Trust Deed). If the Issuer were to issue additional New Notes and such New Notes ranked in priority to the Class B Notes (and hence also the Class D Notes) but after the Class A Notes, the Note Trustee would be required to have regard to (i) (for so long as there are any Class A Notes outstanding), the interests of the Class A Noteholders (as a single class), if in the Note Trustee’s opinion there is a conflict between the interests of (a) the Class A Noteholders and (b) the holders of the New Notes and/or the other Noteholders, or (ii) (if there are no Class A Notes outstanding) the interests of the holders of the New Notes, if in the opinion of the Note Trustee there is a conflict between the interests of (a) the holders of the New Notes and (b) the other Noteholders (being the Class B Noteholders and the Class D Noteholders). Similarly, if the Issuer were to issue additional New Notes and such New Notes ranked in priority to the Class D Notes but after the Class B Notes (and hence also the Class A Notes), the Note Trustee would be required to have regard to (i) (for so long as there are any Class A Notes outstanding), the interests of the Class A Noteholders (as a single class), if in the Note Trustee’s opinion there is a conflict between the interests of (a) the Class A Noteholders and (b) the holders of the New Notes and/or the other Noteholders, or (ii) (once there are no Class A Notes outstanding) the interests of the Class B Noteholders (as a single class), if in the opinion of the Note Trustee there is a conflict between the interests of (a) the Class B Noteholders and (b) the holders of the New Notes and the Class D Noteholders, or (iii) (if there are no Class A Notes or Class B Notes outstanding) the interests of the holders of the New Notes, if in the opinion of the Note Trustee there is a conflict between the interests of (a) the holders of the New Notes and (b) the Class D Noteholders.

Interest Rate Risk

As described in “*Overview of Principal Documents*”, with effect from the Third Issue Closing Date, the Issuer/Borrower Facility will be divided into nine tranches which correspond to the nine classes of Notes either in issue or being issued on the Third Issue Closing Date. A fixed scheduled amount of interest is payable in respect of the Term A2 Loan, the Third Issue Term A4 Loan, the Term B Loan, the Third Issue Term B3 Loan, the Term D2 Loan and the Third Issue Term D3 Loan. However, the Term A1(N) Loan, the Term A3 Loan, the Term B2 Loan and the Term D1(N) Loan (each as defined in the Issuer/Borrower Facility Agreement) bear interest at the floating rate of interest applicable to the Class A1(N) Notes, the Class A3 Notes, the Class B2 Notes and the Class D1(N) Notes, respectively, on each Interest Payment Date.

For this reason, the Issuer entered into the Note Interest Rate Swap Agreements and the Loan Interest Rate Swap Agreements on the Second Issue Closing Date, and entered into the Interest Rate Cap Agreement on the Original Closing Date. In the event of a termination of the transactions pursuant to the

Note Interest Rate Swap Agreements, the Loan Interest Rate Swap Agreements or the Interest Rate Cap Agreement as a result of a default or a termination event thereunder and if no replacement swap or cap agreement were to be entered into (although the Issuer will be obliged to find a replacement swap or cap provider), the holders of these classes of Notes would become exposed to the risk that the Issuer is unable to meet payments of interest on Floating Rate Notes due to fluctuations in the relevant interest rates, and holders of the Third Issue Notes ranking *pari passu* with or subordinate to, such classes could be prejudiced as a result. However, potential investors should also have regard to the matters described under “— *Credit Enhancement and — Subordination*” for a description of structural features designed to mitigate this risk.

Termination Payments

If any transaction under a Note Interest Rate Swap Agreement (each a “**Note Interest Rate Swap Transaction**”) or any transaction under a Loan Interest Rate Swap Agreement (each a “**Loan Interest Rate Swap Transaction**”) is terminated, the Issuer may be obliged to make a termination payment to the Note Interest Rate Swap Provider or the Borrower, as applicable. Any termination payment due to the Note Interest Rate Swap Provider or the Borrower, except for Swap Subordinated Amounts, will rank in priority to the Notes (including the Third Issue Notes). This could reduce the Issuer’s ability to service payments on the Notes (including the Third Issue Notes). In the event that the Note Interest Rate Swap Provider, the Interest Rate Hedge Provider or the Borrower were to fail to perform its obligations under the Note Interest Rate Swap Agreement, the Interest Rate Cap Agreement or the Loan Interest Rate Swap Agreement respectively, the ability of the Issuer to meet its obligations under the Notes (including the Third Issue Notes) may be adversely affected. Moreover, if any Note Interest Rate Swap Transaction or Loan Interest Rate Swap Transaction is terminated by the Issuer, there can be no guarantee that the Issuer will be able to enter into a replacement transaction on the same terms as such Note Interest Rate Swap Transaction or Loan Interest Rate Swap Transaction or at all.

Refinancing risk at final maturity of the Class A3 Notes and the Class B2 Notes

The ability of the Issuer to redeem in full the Class A3 Notes then outstanding and the Class B2 Notes by way of a single instalment on the Interest Payment Date falling in July 2038 is dependent on either:

- (a) a refinancing of the Issuer/Borrower Facility Agreement; or
- (b) a sale of part of the assets of the Borrower (the proceeds of which would be applied to repay the Term A3 Loan and/or the Term B2 Loan).

No assurance can be given that the foregoing actions will yield an amount sufficient to repay the principal amount of the Class A3 Notes and the Class B2 Notes on the Interest Payment Date falling in July 2038.

Other Obligations Connected with the Borrowing Group

The terms of the Issuer/Borrower Facility Agreement give the Borrower wide discretion as to the manner in which it may apply any funds generated by the Property (including the Leases) in excess of those required to meet its obligations under the Issuer/Borrower Facility Agreement. Subject to certain minimum restrictions imposed by the Issuer/Borrower Facility Agreement (see “*Overview of Principal Documents*”), the Borrower may apply such sums to pay dividends to the Parent, to make loans to the Parent or other members of the ITCGL Group including BartonCo or to make payments under existing or future subordinated indebtedness. In addition, the Borrower may obtain Third Party Loans which may rank in priority to or *pari passu* with certain of its obligations under the Issuer/Borrower Facility Agreement. There can be no assurance that the making of such payments by the Borrower will not

adversely affect the ability of the Borrower to meet all of its obligations under the Issuer/Borrower Facility Agreement, its business or the residual value of its assets.

Risk Factors Relating to the Property

Certain investigations of the title of the Borrower to the Property have been undertaken. However, these may not be sufficient to reveal all matters of a materially adverse nature.

There is a risk that there may be factors concerning the title to the Property which would, if known, affect its Market Price. In order to mitigate this risk, the procedures described below have been undertaken. However, there can be no assurance that such procedures will have identified all relevant factors relating to the Borrower's title to the Property or relating to the Market Price of the Property.

In respect of the Property a certificate of title has been produced to evidence and certify a thorough title investigation (the "**Certificate of Title**"). In producing the Certificate of Title, a sampling approach was taken to the review of Leases, where (i) the Leases of the Tenants accounting for the 20 highest rental incomes (or, if a greater number of Leases, Leases of Tenants accounting for the highest rental incomes and representing 30 per cent. of rental income for the Property) were reviewed, together with (ii) a representative cross-sample of Leases accounting for at least an additional 20 per cent. of total rental income, based on the Tenants and Leases in place at the Property and excluding any Tenants in administration or whose Leases have expired.

The Certificate of Title addresses the quality of the title of the Property on the basis of a review of the title documents together with conveyancing searches and enquiries customary for transactions of this type and secured on similar property. It also addresses planning aspects concerning the development and permitted use of the Property.

The Certificate of Title includes a review of the Borrower's title to the Property, planning consents granted in relation to the Property, and a detailed report on Leases of an agreed sample of the retail units, a multiplex cinema and restaurants in the Property. It includes statements confirmed by the Borrower as to matters which might reasonably be expected to affect the value of the Property, although the Certificate of Title itself is not a certificate or warranty as to value.

The Certificate of Title does not relate to construction matters relating to the Property. These are addressed in the certificate produced by Addleshaw Goddard LLP (the "**Construction Certificate**") in respect of matters relating to the contracts and appointments for the design and construction of the Centre.

The Certificate of Title and the Construction Certificate together comprise the "**Property Certificates**".

Cushman & Wakefield have prepared their Valuation Report with the knowledge of the contents of the Property Certificates.

The Borrower may be liable for environmental issues relating to its current and former operations and Property.

The Borrower may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances located on or in the Property. The costs of any required removal, investigation or remediation of such substances may be substantial. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the Borrower's ability to sell or lease the Property or to borrow using the Property as security. Laws and regulations, as these may be amended over time, may also impose liability for the release of certain materials into the air or water from a current or former real estate investment, including asbestos, and such release can form the basis for liability to third persons

for personal injury or other damages. Other laws and regulations can limit the development of, and impose liability for the disturbance of, wetlands or the habitats of threatened or endangered species. Prospective investors should however note that the Obligors covenant pursuant to the Issuer/Borrower Facility Agreement as regards compliance with relevant environmental laws. See the section of this Prospectus entitled “*Overview of the Principal Documents – Issuer/Borrower Facility Agreement*” on page 87 below for further details.

Where any risks are identified by Group personnel appointed by the Borrower, including any risks highlighted to them by professional surveyors or advisors, such Group personnel carry out appropriate monitoring and remediation works. A failure to adequately monitor such risks and remedy any concerns promptly may adversely affect the Borrower's business (including by virtue of having an impact on the Borrower's ability to lease the relevant units and/or the amount of rental income the Borrower can charge for the occupational leases), which may in turn have a material adverse impact on the ability of the Borrower to make repayments under the Term Advances and, in turn, the ability of the Issuer to meet its obligations under the Notes (including the Third Issue Notes).

Non-compliance with, or liabilities under, existing or future environmental laws and regulations, including failure to hold the requisite permits or licences, could result in fines, penalties, third-party claims and other costs that could have a Material Adverse Effect on the Borrower's business, financial condition and/or results of operations. This could, in turn, have a material adverse impact on the ability of the Borrower to make repayments under the Term Advances and, in turn, the ability of the Issuer to meet its obligations under the Notes (including the Third Issue Notes), although prospective investors should note that, historically, the Group is not aware of any such claims, penalties or similar actions arising in respect of the Property.

The Borrower believes that, prior to the construction of the Centre, the land on which the Centre was built was a site formerly only used for agricultural purposes. On the assumption that this is correct there are unlikely to be any material environmental risks associated with historical contamination liabilities arising prior to the establishment of the Centre (as described in the preceding paragraphs) unless substances have migrated onto or under the Property from the surrounding area which could give rise to such risks. The Certificate of Title discloses that there is a petrol station at the Property. The Issuer has received confirmation from the Borrower that the petrol station is in a good state of repair and that there are no contamination issues, so far as the Borrower is aware.

Privity of Contract

Pursuant to the Landlord and Tenant (Covenants) Act 1995 (the “**Covenants Act**”), in respect of a property lease granted after 1 January 1996 (other than one granted after such date pursuant to an agreement for lease entered into before such date or a court order granted before that date), where a tenant under the lease assigns such lease (having obtained all necessary consents (including that of the landlord if such is specified in the relevant lease)), that tenant's liability to the landlord ceases. However, the Covenants Act permits the lease to provide that, on such assignment, the assignor can be required to enter into an authorised guarantee of the assignee's obligations to the landlord under the lease. Such authorised guarantee only covers the obligations of the original assignee of that assignor while the tenant under the lease but not any subsequent assignees.

Substantially all of the Leases (other than certain short term lettings and noting that leases relating to, for example, ATMs, remote storage areas, mall barrows and telecommunications equipment have not been reviewed) of the Property require the Tenant to provide an authorised guarantee of any assignee's obligations as part of the consent to assignment provisions, either as an absolute prerequisite to assignment or where reasonably required by the Borrower. The majority of the Leases (other than

certain short term lettings and noting that leases relating to, for example, ATMs, remote storage areas, mall barrows and telecommunications equipment have not been reviewed) also prohibit any assignment by the original Tenant in the first three years of the relevant Lease terms.

Notwithstanding these arrangements, there can be no assurance that any assignee of a Lease will be of a similar credit quality to the original Tenant, or that any subsequent assignees (who will not be covered by the original Tenant's authorised guarantee) will be of a similar credit quality.

Statutory Rights of Tenants

In certain limited circumstances, the Tenants may have legal rights to require the Borrower to grant them leases, for example pursuant to the Landlord and Tenant Act 1954 or the Covenants Act. Should such a right arise, the Borrower may not have its normal freedom to negotiate the terms of the new lease with the Tenant, such terms being imposed by the court or being the same as those under the previous lease of the relevant premises. Accordingly, such a lease may not be favourable to the Borrower which may affect its ability to meet its obligations under the Issuer/Borrower Facility Agreement.

There is a risk of accidents causing personal injury at the Property, which could result in litigation against the Obligors and/or harm to the Obligors' reputation.

There is a risk of accidents at the Property, which could result in personal injury to tenants, people visiting the premises, employees, contractors or members of the public. The Obligors place great importance on health and safety and the Borrower has approved policies and procedures in place. In addition, the Obligors have public liability insurance in place which they consider provides an adequate level of protection against third party claims. However, should an accident attract publicity or be of a size and/or nature that is not adequately covered by insurance, the resulting publicity and costs could have an adverse impact on the Obligors' reputation, business, financial condition or results of operations. In such instance, the Obligors' ability to put in place public liability insurance cover in the future may also be adversely affected. Such impact may adversely affect the Borrower's ability to make payments under the Term Advances, which may in turn, impact the Issuer's ability to meet its obligations under the Notes (including the Third Issue Notes).

Certain of the Leases contain keep open covenants.

A number of the Leases in respect of the Property have covenants on the part of the Tenant to keep the Property open and trading during specific hours. Generally, the purpose of such covenants is to ensure that anchor stores in shopping centres and high streets are open and trading, as their closure could affect the footfall of surrounding shops/units, the landlord's ability to let surrounding shops/ units and what the landlord can achieve by way of rents on rent review and lease renewal of such shops/units. Current case law would indicate that such covenants cannot be specifically enforced by a landlord, although a landlord can seek and receive damages for breach of the covenant. The occupational leases in respect of the Property generally reserve liquidated damages for any such breach. There can be no assurance that the Borrower will be able to seek and receive damages for breach(es) of such covenants in the future, nor that any damages will be sufficient to cover losses incurred by the Borrower if closure of anchor tenant units affects the Borrower's ability to let the Property to Tenants on Lease terms as favourable as those currently in place which could adversely affect the Borrower's ability to make payments under the Term Advances, which may in turn, impact the Issuer's ability to meet its obligations under the Notes (including the Third Issue Notes).

Risk of frustration in respect of the Leases.

A Lease in respect of the Property could, in very exceptional circumstances, be frustrated under English law. Under English law, frustration may occur where a supervening event so radically alters the

implications of the continuance of a lease for a party thereto that it would be inequitable for such lease to continue. If an occupational lease were so frustrated then this could operate to have an adverse effect on the income derived from, or able to be generated by, the Property due to the vacancy of retail units (and related loss of rent from the relevant leases and possible impact on footfall at the Property). Such impact may adversely affect the Borrower's ability to make payments under the Term Advances, which may in turn, impact the Issuer's ability to meet its obligations under the Notes (including the Third Issue Notes).

Default under Occupational Leases

The Leases place the relevant Tenant under an obligation to make payments without set-off or deduction. Each of the Leases (other than certain short term lettings and noting that Leases relating to, for example ATMs, remote storage areas, mall barrows and telecommunications equipment have not been reviewed) is a fully repairing and insuring lease (an "**FRI Lease**") under which substantially all of the economic liabilities arising in relation to and costs of the repair, maintenance and insurance of the relevant premises and the upkeep, operation, security and management of the Property are borne (either directly or through service charge, insurance reimbursement or similar provisions) by the Tenant, (subject to certain limited exceptions in certain cases). See also "Property Certificates".

In the Leases, the Borrower has covenanted as landlord to allow the relevant Tenant quiet enjoyment and to perform certain specified obligations and/or provide certain specified services in relation to the Property. A breach by the Borrower of any of these covenants could give rise to a dispute with the relevant Tenant in connection with which the Tenant might seek to withhold rental payments (notwithstanding any contractual prohibition contained in the relevant Leases against the Tenant exercising any such set-off). Such withholding or similar action may adversely affect the Borrower's ability to make payments under the Term Advances, which may in turn, impact the Issuer's ability to meet its obligations under the Notes (including the Third Issue Notes).

Terms of FRI Leases

Whilst the Borrower has covenanted that, in relation to the re-leasing of premises within the Property, certain mandatory lease terms will be contained within any such lease (as to which see "*Overview of Principal Documents — Issuer/Borrower Facility Agreement — Property Covenants and Leasing and Re-leasing Criteria*"), any of such covenants may be dispensed with or amended or excluded if two of the directors of the Borrower issue a Leasing Certificate (as defined below) in respect of the same certifying, *inter alia*, that such amendment or variation or exclusion is expedient and will not have a Relevant Material Adverse Effect (as defined below). There can therefore be no assurance that market practice in respect of Leases and/or the demands of prospective tenants over the life of the Notes will not subject the Borrower (as landlord) to more onerous or less favourable covenants on its part or that tenant obligations under such Leases will not significantly diminish which, in any such event, may have an adverse effect on the value of, or income from, the Property.

The Borrower does not have a written agreement with an appointed asset manager in relation to the Property, which is managed by Group personnel on behalf of the Borrower. In the event of an insolvency of the Group, and a requirement to appoint a third party property manager, there is risk of a lack of continuity in relation to the Property, and a consequent loss of revenues.

The Property will be managed by Group personnel on behalf of the Borrower (as described in the section of this Prospectus headed '*Asset Management and Property Administration*') and there is in place no written agreement between the Borrower and an appointed property administrator, manager or servicer, for the management of the Property, and the Issuer/Borrower Facility Agreement requires no such agreement to be in place.

Instead, pursuant to the terms of the Issuer/Borrower Facility Agreement, the Borrower covenants to maintain and manage the Property as a retail centre with such leisure facilities and such ancillary food and beverage and other facilities as are appropriate having regard to its type; to ensure that the Property is managed to the standard of a prudent manager of property of the same sort and in accordance with principles of good estate management; and to manage the Property with a view to maximising long term Rental Income and the long term capital value of the Property. The Borrower's intends to continue to comply with this covenant by means of its access to, and ability to appoint, Group personnel and facilities management services.

There is a risk, however, that in certain circumstances (most notably, in the event of an insolvency event affecting the wider Group) that the Borrower may cease to have access to the employees and expertise of the Group personnel and facilities management services that it requires in order to manage the Property in accordance with the covenant described above. In such circumstances, the Borrower would need to seek to appoint a third party property administrator or manager upon market terms. There can be no assurance, however, that such an appointment could be made quickly, or at all. Upon any such entity taking up such an appointment, it would be likely to require time to familiarise itself with the Property and its procedures.

Any such delay in the appointment of such a third party property manager or administrator, or delay in such a third party being able to familiarise itself with the Property and its procedures could result in a diminution in the revenues generated by it. The appointment of such a third party may also require the Borrower to incur additional costs and expenses that it would not otherwise have incurred. Any such diminution or additional costs and expenses could result in an insufficiency in the funds available to the Borrower to meet the payments due to be made by it under the Issuer/Borrower Facility Agreement, and a consequent insufficiency in the funds available to the Issuer to meet the payments due to be made by it under the Third Issue Notes.

Appointment of the Property Adviser

Although the Issuer/Borrower Facility Agreement provides that, if there is a withdrawal from the Primary Reserve Account then, unless the Security Trustee otherwise agrees, a Property Adviser shall be appointed, no assurance can be given that in such circumstance an individual or entity willing to act as such on terms acceptable to the Security Trustee, or willing to act at all, will be found. In addition, if a Property Adviser is appointed, it will rank, in order of priority, ahead of amounts due under the Issuer/Borrower Facility Agreement in the Borrower Priorities of Payments which, in turn, will reduce the amounts available to the Issuer to pay amounts due on the Notes (See "*Resources Available to the Issuer and the Borrower – Borrower Priorities of Payments*" below").

Late Payment of Rent

Rental payments due under the Leases on or before the relevant Loan Payment Date may not be paid on the due date therefor or may not be paid at all. If any payment of rent is not received on or prior to the immediately following Loan Payment Date (each of which falls more than 28 days after the usual quarterly rental payment dates) and any resultant shortfall is not otherwise compensated for from other resources of the Borrower within the grace period for payment under the Issuer/Borrower Facility Agreement and the Borrower fails to pay the amount due on the next Loan Payment Date, a Loan Event of Default will occur under the Issuer/Borrower Facility Agreement. Such an event of default will not of itself cause a Note Event of Default since the Issuer will have access to, inter alia, the Liquidity Facility to cover (to the extent funds are available and subject to certain limitations in respect of the Class D Notes (see "*Liquidity Facility*")) any shortfall under the Issuer/Borrower Facility Agreement. No assurance can, however, be given that the resources available to the Issuer will, in all cases and in all

circumstances, be sufficient to cover any such shortfall and that a Note Event of Default will not in fact occur as a result of the late payment of rent.

Planning Considerations

If the Property suffers damage then, depending on the extent of the damage suffered and/or the details of the reinstatement proposals of the Borrower, planning permission may be required to rebuild or reinstate the Property. Although it might reasonably be expected that planning permission would be granted in such circumstances, the grant of such planning permission cannot be guaranteed and may be opposed. Even if obtained, securing the required planning permission could take a considerable time. In addition, even if such planning permission to rebuild and reinstate the Property is obtained, such planning permission may have an adverse impact on the valuation of the Property, for example, because the nature and extent of such permission is more limited than was previously granted.

Many of the Leases provide that, where the premises subject to the relevant Lease suffer damage or destruction (or are rendered inaccessible) by an insured risk (or in many cases terrorism even if uninsured) and are not reinstated within (in most cases) four years and six months of the date of the relevant damage or destruction (or in some cases if damage or destruction occurs within a specified period prior to the lease expiry date), either the Tenant or the landlord (that is, the Borrower) may terminate the Lease in question. Thus, if the whole or a significant part of the Property was affected by such damage or destruction and the Borrower was unable to obtain the planning permission required to effect reinstatement, the Tenants under all or most of the Leases might exercise their right to terminate their Leases (although not all Leases have been reviewed so as to determine whether they contain such a right).

If any of the above circumstances occur, the Borrower would suffer a significant loss of rental income from the Property and the value of the Property would also be likely to be significantly adversely affected. See also “*Insurance*”.

Insurance

The Borrower has covenanted in the Issuer/Borrower Facility Agreement that, subject to certain limited exceptions, it will insure the Property (to the extent that such insurances are economically available) for the risks, at the levels required by, and otherwise in accordance with, the terms of the Issuer/Borrower Facility Agreement. The insured risks comprise, principally, normal property insurance risks for a property of this nature and cover against up to five years’ loss of rental income from the Property.

The Leases provide that, if the premises comprised in the Lease are destroyed or damaged by an insured risk (or in many cases terrorism even if uninsured) so as to render them unfit for use and occupation (or rendered inaccessible because of damage to the Centre), the Tenant will cease to be liable to pay rent otherwise due under the Lease (or a proportionate part where the premises suffer only partial damage) until the premises are again rendered fit for use and occupation and are accessible or in most but not all cases (if earlier) the expiration of five years from the date of damage or destruction.

The loss of rent insurance will (save in any cases where damage or destruction is caused by uninsured risk cover the loss of rent during that period, although there could be administrative delay in obtaining payment by the insurers which could affect the ability of the Borrower, and accordingly also the Issuer, to meet its payment obligations under the relevant documentation during that period of delay.

The loss of rent insurance will run for five years from the date of damage or destruction. Although the relevant Tenants will, in most cases, again be liable for the rent if the relevant Lease subsists after that period (subject to limited exceptions), it is likely that the Tenants will exercise their right to terminate the Leases, as referred to in “*Planning Considerations*”, if the premises are not reinstated in time. Thus,

after the expiry of the five years, in the circumstances described in “Planning Considerations”, the Borrower could cease to be entitled to both the rental income from the Property and further loss of rent insurance.

In addition, if those circumstances applied, the proceeds of the buildings’ insurance taken out by the Borrower (which will cover the costs of reinstatement) may not be sufficient to pay, in full, all the amounts due from the Borrower under the Issuer/Borrower Facility Agreement and, hence, the Notes.

The terms of most of the Leases require the landlord (that is the Borrower) to carry out the reinstatement of damaged premises following damage or destruction by an insured risk. The Borrower has the option to apply any property insurance proceeds towards the payment of amounts due under the Issuer/Borrower Facility Agreement until such time as all the Leases have been duly terminated.

Certain types of risks and losses (such as losses resulting from war, terrorism, nuclear radiation, radioactive contamination and heaving or settling of structures) may be or become either uninsurable or not economically insurable or are not covered by the required insurance policies. Other risks might become uninsurable (or not economically insurable) in the future. If an uninsured or uninsurable loss were to occur, the Borrower might not have sufficient funds to repay in full all amounts owing under or in respect of the Issuer/Borrower Facility Agreement.

In a number of the Leases there is a mutual right of termination and also a rent cesser in the case of damage by terrorism where this is not an insured risk (or, in a few cases, where the premises cannot be used because of a defect in the original construction of the Property). In these circumstances the right of termination applies if either the landlord elects within a period specified in the relevant Lease not to reinstate or reinstatement is not effected for whatever reason within four years and six months. The occurrence of an uninsured risk will therefore either result in the relevant Lease terminating or result in a rent cesser period for which there is no loss of rent cover. In a number of cases, the Tenant may terminate the Lease earlier than four years and six months after the date of damage or destruction (whether the damage is by insured risk or uninsured terrorism), particularly if the damage occurs during the last five years of the term. In many cases, if the landlord does not elect within two or three years to reinstate damage to the Property or if reinstatement has not commenced, in most cases, within 4 years, the lease will terminate.

Under the current buildings and loss of rent insurance, terrorism is an insured risk.

As of the date of this Prospectus, the Borrower and the Security Trustee are named on each policy as a joint insured parties.

The interests of the Borrower in the insurances have been charged to the Security Trustee for the benefit of, *inter alios*, the Issuer pursuant to the Security Trust Deed. The Issuer has in turn charged its interest to the Security Trustee for the benefit of, *inter alios*, the Noteholders pursuant to the Issuer Deed of Charge.

Transport Links and Infrastructure

Customer numbers and hence the income of the Borrower and the residual value of the Property may be adversely affected by any difficulties (including relative difficulties) in accessing the site. However, the Property is adjacent to the M60 motorway with access from two junctions. The Property has parking facilities for approximately 11,500 cars (of which 1,500 are shared with Barton Square and Event City) and 350 coaches and an on-site bus station with capacity for up to 120 buses per hour.

Access to the Property may be further enhanced if current proposals to extend the Metrolink referred to previously are realised. However, the competitiveness of the Property may decline if public transport links are not enhanced and particularly if competing centres or areas improve their transport links.

The Borrower is aware that the current transport policies of the government involve increasing the burden of charges upon motorists generally in order to encourage greater use of public transport. Such policies are under constant review and various schemes have been suggested in the past, including work place charges and congestion charges. If congestion charges were to be levied in the future upon the road networks in the Greater Manchester area, this may lead to a downturn in the number of visitors to the Centre. However, the Borrower does not know the extent and operation of the government's current policies in this area and whether such schemes will be proposed or implemented and consequently does not know if there would be any detrimental effect upon its business.

Delegation

Except to the limited extent described herein, none of the Security Trustee, the Note Trustee or any Noteholder (including any Third Issue Noteholder) participate in the management of the Issuer or the Borrower. In particular, such parties cannot supervise the functions relating to the management or operation of the Property and the re-leasing of the space within the Property or otherwise. The Issuer has no executive management resources of its own and, as such, the Issuer will rely upon, *inter alia*, the Borrower and other service providers for all asset servicing, executive and administrative functions. Failure by any such party to perform its obligations could have an adverse effect upon the Issuer's ability to repay the Notes (including the Third Issue Notes). There can be no assurance that, were any such party to resign or its appointment be terminated, a suitable replacement service provider could be found or would be found in a timely manner and engaged on terms which would not cause a Rating Event.

Risks Relating to the nature of the Issuer

The Issuer is a Special Purpose Vehicle.

The Issuer is a special purpose company with no business operations other than the issue of the Notes, the lending of the proceeds to the Borrower under the Issuer/Borrower Facility Agreement and certain ancillary activities related to its participation in the transaction described in this Prospectus. The Notes will be the obligations solely of the Issuer and will not be obligations or responsibilities of, or guaranteed by, any other entity. In particular, the Notes will not be obligations of, and will not be guaranteed by, any of the Obligors, nor of any member of the Group, the Arrangers and Lead Managers or their Affiliates nor any other persons. Furthermore, no person other than the Issuer will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

The ability of the Issuer to make payments on the Notes will be subject, amongst other things, to payments by the Borrower under the Issuer/Borrower Facility Agreement and payments by the Loan Interest Rate Swap Counterparty and the Note Interest Rate Swap Providers. All other Obligors guarantee the Borrower's obligations under the Issuer/Borrower Facility Agreement (however, such other Obligors are each special purpose vehicles, own no assets other than shares in the Issuer and the Borrower (as applicable) and therefore may not have the funding to meet their obligations under such guarantees). Other than the receipt of these payments, prior to enforcement of the security from time to time constituted by or pursuant to the Security Trust Deed (the "**Security**"), the Issuer will not have any other funds available to it to meet its obligations under the Notes and its obligations ranking in priority to, or *pari passu* with, the Notes. If these resources cannot provide the Issuer with sufficient funds to

enable the Issuer to make the required payments on the Notes, the Noteholders may incur a loss of interest, principal and/or premium (if any) which would otherwise be paid in accordance with the terms and conditions of the Notes.

If, on default by the Borrower and/or the other Obligor and following the exercise of all available remedies in respect of the Term Advance and any security, the Issuer does not receive the full amount due from the Borrower and/or the other Obligor under the Issuer/Borrower Facility Agreement, then the Noteholders may receive on redemption an amount less than the then Principal Amount Outstanding of their Notes and the Issuer may be unable to pay in full interest due and accrued on the Notes. The Issuer does not guarantee or warrant full and timely payment by the Borrower and/or the other Obligor of any sums under the Issuer/Borrower Facility Agreement.

The Issuer's reliance on third parties.

The Issuer is a party to contracts with a number of third parties who have agreed to perform certain services in relation to, *inter alia*, the Notes. In the event that any of the service providers fails to perform its obligations under the respective agreements to which it is a party or the relevant third party resigns from its role under such contracts and a replacement cannot be found, the ability of the Issuer to make payments owed in respect of the Notes may be affected.

Risks related to the Structure of the Transaction, the Security and the Enforcement thereof

The Obligor is permitted, under the terms of the Issuer/Borrower Facility Agreement, to incur additional liabilities from time to time.

The Issuer/Borrower Facility Agreement permits the Borrower (subject to the satisfaction of certain conditions as described in this Prospectus) to incur further and additional Permitted Financial Indebtedness, as well as to refinance existing financial indebtedness, subject to certain restrictions. In particular, the Obligor may, in certain circumstances, incur additional Financial Indebtedness through the issuance of Further Notes or New Notes (as the case may be) and the making of a further loan with the net proceeds of issuance thereof, for example if the Market Price of the Property increases to an extent sufficient to permit the Obligor to do this.

Any such increase in borrowings as contemplated above could cause the Borrower to become over-indebted and may cause substantial financial stress to the Borrower. In order to minimise this risk, the Relevant Documents restrict the incurrence of additional financial indebtedness to Permitted Financial Indebtedness being (a) Financial Indebtedness outstanding pursuant to the Issuer/Borrower Facility Agreement, (b) subordinated loans made by a member of the Excluded Group to the Borrower where the terms of the subordination and the enforcement rights of the relevant lender have been approved by the Security Trustee; (c) subordinated loans made by a member of the Excluded Group to the Borrower which are outstanding at the date of the Issuer/Borrower Facility Agreement; (d) Financial Indebtedness incurred in accordance with the Issuer/Borrower Facility Agreement; (e) any Financial Indebtedness outstanding under any Finance Lease provided that such Financial Indebtedness may not at any time exceed £5,000,000 (subject to an increase at the start of each financial year of the Borrower by reference to the increase in the retail prices index); (f) other Financial Indebtedness which is unsecured and unsubordinated and provided by a third party which accedes to the terms of the Security Trust Deed; (g) Financial Indebtedness incurred with the consent of the Security Trustee; (h) certain limited types of share capital.

Prospective investors should, however, note that the transaction structure and the terms of the Relevant Documents include a number of further mitigating factors in relation to the risks associated with

indebtedness described above. In particular, investors should note that any Further Notes or New Notes (as the case may be) raised by the Borrower will be required to comply with certain restrictions, including that (aa) the aggregate principal amount of all Further Notes (or New Notes, as the case may be) to be issued on such date is not less than £15,000,000, (bb) any Further Notes (or New Notes, as the case may be) are assigned the same ratings as are then applicable to the relevant class of Notes, (cc) the Rating Agencies have confirmed that the ratings of the Class A Notes, the Class B Notes and the Class D Notes are not adversely affected by such issue, (dd) the gross proceeds of any such issue are applied by the Issuer pursuant to the Issuer/Borrower Facility Agreement, (ee) the conditions precedent to the application of the proceeds of issue under the Issuer/Borrower Facility Agreement are met in accordance with the terms thereof, (ff) the Issuer's interest payment liabilities in respect of such Notes are hedged to the satisfaction of the Rating Agencies and (gg) no Note Event of Default or Potential Note Event of Default (as defined in the Master Definitions and Construction Agreement) has occurred and is continuing or would occur as a result.

The Obligors may incur new debt in order to refinance the Notes.

The Obligors may seek to raise additional capital for the purpose of refinancing the Notes in the loan or capital markets to repay the Term Advances and the Notes (including the Third Issue Notes) at maturity.

Any such refinancing by the Borrower will be subject to the then prevailing market conditions for that type of transaction and in particular the availability or absence of liquidity in the bond and/or the term loan markets. No assurance can be given that these conditions will be favourable at the time any refinancing is required. Any such refinancing may not be possible.

Failure of the Borrower to refinance on or prior to the respective maturity dates may result in the Borrower defaulting on the Term Advances. Such a default could result in the enforcement of security and the Noteholders may receive an amount less than the then Principal Amount Outstanding on their Notes (including the Third Issue Notes).

In addition, the provisions of the Issuer/Borrower Facility Agreement permit the Borrower to enter into Third Party Loans pursuant to which it may raise additional funds by way of third party secured loans. These Third Party Loans may rank in priority to or *pari passu* with certain tranches of the loans made under the Issuer/Borrower Facility and share in the security therefor and therefore, may reduce the income available to the Borrower to make payments under the Issuer/Borrower Facility thereby reducing the amounts available to Noteholders under the Notes. However, conditions precedent to the making of any such Third Party Loan include that the lender thereof accedes to the Security Trust Deed as a result of which such lender will have no power to enforce (or direct the enforcement of) any remedies against the Borrower save as provided in the Security Trust Deed and that the Rating Agencies confirm that such borrowing will not cause a Rating Event.

The Issuer/Borrower Facility Agreement affords the Borrower flexibility to dispose of, develop or acquire property. Accordingly there is no assurance that the Property will remain identical to the Property described in this Prospectus, throughout the life of the Notes.

The Borrower is permitted under the terms of the Issuer/Borrower Facility Agreement to make Permitted Disposals of parts of the Property, undertake a permitted Development of the Property, and to acquire additional land by way of Permitted Acquisitions as part of the Property. Notwithstanding the Borrower's obligations to comply with the regime governing Permitted Disposals, permitted Developments and Permitted Acquisitions, there is no assurance that the Property will remain identical to the Property as it is described in this Prospectus, through the life of the Notes (including the Third Issue Notes).

It is possible that the exercise by the Borrower of these flexibilities could adversely affect the generation by the Property of sufficient revenue to enable the Borrower to meet its obligations under the Term Advances outstanding from time to time. In turn, this could materially adversely affect the ability of the Issuer to make payments under the Notes (including the Third Issue Notes).

Non Rental Income of the Property is not available for debt service.

The income generated by the Property comprises, primarily, Rental Income and Service Charges. VAT in respect of Rental Income, Service Charges and VAT in respect of Service Charges is “**Non-Rental Income**”.

Non-Rental Income will be available for application by the Borrower from the Current Account or to or towards the payment of liabilities of the Borrower to HM Revenue & Customs for VAT and operating expenses of the Borrower.

Accordingly, potential investors should be aware that Non-Rental Income of the Property will not be available for debt service.

Enforcement of the Security may be a lengthy process with no assurance that there will be sufficient recoveries.

The procedures for the enforcement of the Security are regulated by the Security Trust Deed. Even if steps are taken under the Security Trust Deed to enforce the Security, such steps may not result in immediate realisation of the Charged Assets if market conditions are not conducive, and a significant delay could be experienced in recovery by the Security Trustee of amounts owed on the Term Advance. Furthermore, a forced sale of the Property will be subject to prevailing market conditions, which may affect the rate at which the enforcement proceeds are realised and their amount. There can be no assurance that the Security Trustee would recover amounts sufficient to discharge the Term Advance upon enforcement of the Security, especially if it is directed by the Secured Parties to undertake a sale of the Charged Assets on an accelerated basis at a time at which the prevailing market conditions are not conducive to the receipt of a high price, and accordingly sufficient funds may not be realised or made available to make all required payments to the Issuer and, in turn, the Noteholders.

In addition, while the obligations of the Borrower under the Relevant Documents (including the Issuer/Borrower Facility Agreement) are guaranteed by the other Obligor, no other member of the Borrowing Group (including, without limitation, the Parent) has or will grant security in respect of its obligations, or those of the Issuer under the Notes (including the Third Issue Notes).

If the Security Trustee takes formal enforcement proceedings, this is likely to be done by the appointment of a receiver, manager, receiver and manager or an administrative receiver (an “**Administrative Receiver**”) as defined in Section 29(2) of the Insolvency Act 1986 (the “**Insolvency Act**”) in respect of each Obligor. Alternatively, a “Law of Property Act” or non-administrative receiver (an “**LPA Receiver**” and, together with an Administrative Receiver or any equivalent person in England and Wales, a “**Receiver**”) could be appointed or, in certain cases, possession of the Property could be obtained.

Pending completion of the enforcement procedures, delays could be experienced in the collection of amounts due from the relevant Obligor and, subject to the availability of the Liquidity Facility to the Issuer, could result in a failure by the Issuer to pay amounts due under the Notes (including the Third Issue Notes) in a timely manner. Any Receiver would be deemed to be the agent of the relevant Obligor (unless that Obligor enters into liquidation, following which the Receiver will act as principal as opposed to agent of such Obligor) and, for so long as the Receiver acts within his powers, would only incur liability on behalf of the relevant Obligor. The Receiver would, however, be likely to require from

the Security Trustee an indemnity to meet its costs and expenses (which would be viewed as an expense of the Security Trustee and would rank ahead of payments due in respect of the Term Advance) as a condition of his appointment..

In certain cases, the Security Trustee may take possession of the Property. If so, possession may be obtained by the Security Trustee entering into physical possession of the Property by applying for, obtaining and enforcing a Court order in respect of the Property or by voluntary surrender of possession of the Property by the Obligors to the Security Trustee. If a Court grants a possession order in favour of the Security Trustee, the Court may suspend its application to permit the Borrower more time to pay the amounts outstanding under the Term Advance.

A mortgagee will have an obligation to account to the Borrower for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property (limitations may include, for example, damage caused by terrorism or relating to an inherent risk) and, in certain circumstances, may be obliged to make improvements or incur financial liabilities in respect of the Property. A mortgagee in possession may also be liable to a Tenant for any mismanagement of the Property and may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), the liabilities of a property owner.

Under the transaction post enforcement priority of payments, certain payments due to certain counterparties are subordinated to the payment of debt service, but the enforceability of the provisions effecting this subordination is not free from doubt.

The validity of certain contractual provisions whereby the priorities of payments are affected by the insolvency or event of default in relation to a secured creditor has been challenged recently in the English and U.S. courts. Such provisions are included in the priorities of payment for the transaction described in this Prospectus, whereby payments to the Borrower, an Interest Rate Hedge Provider, a Loan Interest Rate Swap Counterparty or a Note Interest Rate Swap Provider, which would otherwise be payable *pari passu* with, or senior to, payments under the Term Advance (and therefore under the Notes), but which are due to such counterparties in circumstances in which the counterparty is in default, are expressed to be subordinated in the applicable Priorities of Payments. This position is favourable to Noteholders, since it prohibits such defaulting counterparties from sharing on a senior or *pari passu* basis in amounts available for distribution to Noteholders. However, recent court cases in both the United Kingdom and the United States have considered whether such provisions, known as “flip” clauses, are enforceable. The hearings have arisen due to the insolvency of a secured creditor (in that case a swap counterparty) and have considered whether, if there is a change to the priority of payments as a result of that insolvency, such provisions breach the “anti-deprivation” principle under English insolvency law or the provisions against *ipso facto* clauses under U.S. bankruptcy law. These principles prevent a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that, where a secured creditor subordinates itself to noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors of the rights to which it would have been entitled without that subordination. The Supreme Court in *Belmont Park Investments Pty Ltd v BNY Corporate Trustee Services Ltd* [2011] UKSC 38, dismissed this argument and upheld the validity of the conditional priorities of payment, stating that the anti-deprivation principle was not breached by the changes in priority.

In parallel proceedings in New York in respect of *Perpetual Trustee Co Ltd and Belmont Park Investments Pty Ltd v BNY Corporate Trustee Services Ltd* [2011] UKSC 38, Judge Peck of the U.S. Bankruptcy Court for the Southern District of New York granted Lehman Brothers Special Finance Inc.’s motion for summary judgment to the effect that the provisions changing the order of priority do infringe the provisions against *ipso facto* clauses in a U.S. bankruptcy. Judge Peck acknowledged that

this has resulted in the U.S. courts coming to a decision “directly at odds with the judgment of the English Courts”. Although the case in respect of *Perpetual* was settled before it could be appealed in New York, it does mean that the English and U.S. courts have diverged in their approach. In certain circumstances therefore, depending on the identity of (for example) any Liquidity Provider, whether it has business and significant assets in the United States or the United Kingdom and whether, in an insolvency of that counterparty, a liquidator, administrator or other insolvency official sought to challenge the “flip” clause contained in the transaction Priorities of Payments in the courts of the United States or England, there is some uncertainty as to whether the “flip” clause might be upheld. Were it not to be, recoveries for Noteholders (including holders of the Third Issue Notes) may be reduced.

Payments under the guarantees may constitute a transaction at an undervalue or preference.

A liquidator or administrator of the Parent or Intermediate Holdings could apply to the court to unwind a payment made under its guarantee of the Issuer’s obligations under the Issuer/Borrower Facility Agreement if such liquidator or administrator believed that payment constituted a transaction at an undervalue.

The Borrower believes that any payment to be made under such guarantees will not be a transaction at an undervalue and that each guarantee will be provided in good faith for the purposes of carrying on the business of the Parent and Intermediate Holdings and its subsidiaries and that there were reasonable grounds for believing that the granting of such guarantees would benefit each of the Parent and Intermediate Holdings. However, there can be no assurance that payments made under such guarantees will not be challenged by a liquidator or administrator or that a court would support the Borrower’s analysis.

If the liquidator or administrator can show that the Parent or Intermediate Holdings could have given a “preference” to any person (which could include the making of a payment under a guarantee) within six months of the onset of liquidation or administration (or two years if the preference is to a “connected person”) and, at the time of the preference, the Parent or Intermediate Holdings was technically insolvent or became so as a result of the preferential transaction, a court has the power, among other things, to void the preferential transaction. For these purposes, a company gives preference to a person if that person is one of the company’s creditors (or a surety or guarantor for any of the company’s debts or liabilities) and the company takes an action which has the effect of putting that person into a position which, in the event of the company going into insolvent liquidation, will be better than the position that person would have been in if that thing had not been done. The court may not make an order avoiding a preferential transaction unless it is satisfied that the company was influenced by a desire to put that person in a better position. This provision of English insolvency law may affect payments (including pursuant to a guarantee) made by the Parent or Intermediate Holdings during the relevant period prior to the liquidation or administration of the Parent or Intermediate Holdings.

In addition, if it can be shown that a transaction entered into by an English company was made for less than fair value and was made to shield assets from creditors, then the transaction may be set aside as a transaction defrauding creditors. Any person who is a “victim” of the transaction, and not just liquidators or administrators, may assert such a claim. There is no statutory time limit within which a claim must be made and the company need not be insolvent at the time of the transaction. The Obligors do not believe that they have entered into any transactions which may be regarded as being for less than fair value or to shield assets from their creditors.

Although the Issuer is required to have entered into a committed liquidity facility in order to provide it with liquidity and the Borrower is required to maintain certain Reserve Accounts, such

funds may not be sufficient and a liquidity facility may not be available in the event that the Issuer wants to enter into a new liquidity facility in future.

The Issuer is required to maintain a committed £80,000,000 Liquidity Facility. As of the Third Issue Closing Date, this requirement will be satisfied through the provision of a committed Liquidity Facility by Lloyds Bank plc as Liquidity Provider. This mechanism is designed to set aside a buffer of liquidity in the event of a decline in the credit quality of the transaction. However, there can be no assurance that the Liquidity Provider will continue to hold the minimum ratings necessary to meet the criteria laid down by the Rating Agencies for any such provider if the Liquidity Facility is to support the then-current ratings of the Notes. Should the Liquidity Provider be downgraded by either Rating Agency, the Issuer would, in addition to drawing a Stand-by Drawing under the Liquidity Facility, have to procure a new facility from a suitably rated counterparty. There can be no assurance that the Issuer will be able to obtain a replacement Liquidity Facility from a suitably rated third party provider.

In particular, prospective investors should note that the number of counterparties in the market with the necessary rating is, as at the Third Issue Closing Date, small, and the willingness of financial institutions to offer such facilities on competitive terms has declined in recent years. There can be no assurance that a Liquidity Facility will be available to the Issuer on suitable terms at any time during the life of the Notes.

In relation to the Reserve Accounts, there can be no assurance that the cash reserves credited to such Reserve Accounts will be sufficient to meet any shortfall in the Borrower's revenue to meet amounts due to Secured Parties (including amounts due pursuant to the Issuer under the Issuer/Borrower Facility Agreement).

If, in any such case, the Issuer ceases to have access to a Liquidity Facility from a suitably rated counterparty (or pursuant to a Stand-by Drawing), the Rating Agencies may downgrade the Notes, and Noteholders will be exposed to the risk that, on a future Interest Payment Date, the Issuer will have insufficient funds to make payment under the Notes.

Pursuant to the terms of the Liquidity Facility Agreement, the Liquidity Provider provides a committed facility for drawings to be made in the circumstances (but subject to the restrictions set out under "*Resources Available to the Issuer and the Borrower — Liquidity Facility*"). It should be noted that the Liquidity Facility is only available to meet repayments of interest on the Third Issue Notes and the Class D1(N) Notes and that the amount of liquidity available to meet any payments on the Class D Notes is limited to a total of £15,000,000. In addition, the Liquidity Facility is not available to meet any shortfall in the Issuer's revenue arising as a result of the failure by the Interest Rate Hedge Provider, the Borrower or the Note Interest Rate Swap Providers to pay all or any sums due to the Issuer under the Interest Rate Cap Agreement, the Loan Interest Rate Swap Agreements and the Note Interest Rate Swap Agreements or the non-existence at any time of a cap agreement or any other swap agreement and is only available up to certain limits according to (i) the liabilities of the Issuer to be met by the particular drawing under the Liquidity Facility and (ii) whether a Loan Enforcement Notice has been served.

Loan Events of Default may occur without the knowledge of the Security Trustee if the Borrower and the other Obligors fail to notify the Security Trustee of such event.

The Security Trust Deed provides that the Security Trustee will be entitled to assume without enquiring that no Loan Event of Default or Potential Loan Event of Default has occurred and is continuing. The Security Trustee will not itself monitor whether any such event has occurred. As the Issuer is a special purpose company, it will fall to the Obligors themselves to make these determinations as well as the determinations of the financial and operational positions underlying them, which may be subjective. The Security Trustee shall not be obliged to make any such determinations and shall be able to conclusively

rely on any report or certificate provided to it without being obliged to enquire as to the accuracy or validity of any such investor report or compliance certificate.

Remuneration of a receiver may reduce the amount available to make payment under the Notes.

A receiver would generally be the agent of the relevant company until the company's liquidation, and thus, while acting within his powers, will enter into agreements and take actions in the name of, and on behalf of, the company. The receiver will be personally liable on any contract entered into by him in carrying out his functions (except in so far as the contract provides otherwise) but will have an indemnity out of the assets of the company. If, however, the receiver's appointor unduly directed or interfered with or influenced the receiver's actions, a court may decide that the receiver was the agent of his appointor and that his appointor should be responsible for the receiver's acts and omissions.

The Security Trustee and the Note Trustee are entitled to receive remuneration and reimbursement for their respective expenses and an indemnity out of the assets of the Obligors and/or the Issuer (respectively) for their potential liabilities. Such payments to the Security Trustee will rank ahead of the interest and principal due under the Term Advances (and, in turn, payments by the Issuer under the Notes (including the Third Issue Notes)). Similarly, such payments to the Note Trustee will rank ahead of payments by the Issuer under the Notes. Accordingly, should the Security Trustee or the Note Trustee become liable for acts of such a receiver, the amount that would otherwise be available for payment to the Noteholders may be reduced.

If the company to which the receiver is appointed goes into liquidation, then, as noted above, the receiver will cease to be that company's agent. At such time he will then act either as agent of his appointor or as principal according to the facts existing at that time. If he acts as agent of his appointor, then for the reasons set out in the foregoing paragraph the amount that would otherwise be available for payment to Noteholders may be reduced. If the receiver acts as principal and incurs a personal liability, he will have a right of indemnity out of the assets in his hands in respect of that liability and the amount that would otherwise have been available for payment to the Noteholders (subject to any claims of the Note Trustee or Security Trustee to such amount) would be reduced accordingly.

Certain creditors will rank ahead of the Noteholders and the Issuer, respectively, in respect of the Issuer Security and Security.

In the event that the Issuer Security is enforced, the proceeds of such enforcement may be insufficient, after payment of amounts ranking in priority to the Notes in accordance with the Issuer Post-Enforcement Priority of Payments, to pay, in full, all amounts of principal, interest and premium (if any) due in respect of the Notes.

Although the Note Trustee will hold the benefit of the Issuer Security on trust for, *inter alios*, the Noteholders, and the Security Trustee will hold the benefit of the Security on trust for, *inter alios*, the Issuer, such security interests will also be held on trust for other secured creditors of the Issuer and the Obligor, respectively, that will rank ahead of the Noteholders. Certain of the Issuer's obligations to, *inter alios*, the Note Trustee (in its individual capacity), the Paying Agents, the Liquidity Provider (if any) under the Liquidity Facility Agreement, the Cash Manager and the Account Bank in respect of certain amounts owed to them (see the section of this Prospectus entitled "*Resources Available to the Issuer and the Borrower - Issuer Post-Enforcement Priority of Payments*") will rank ahead of the Noteholders under the priorities of payments, and to the extent that significant amounts are owing to any such persons, the amounts available to the Noteholders will be reduced.

Likewise, certain of the Obligor's obligations to certain Secured Parties will rank ahead of its obligations to the Issuer under the Issuer/Borrower Facility Agreement. Such persons include, *inter*

alios, the Security Trustee (in its individual capacity), the Account Bank and any Property Adviser (see the section of this Prospectus entitled “*Borrower Post-Enforcement Priority of Payment*”).

Notwithstanding that elements of the Security or the Issuer Security purport to take effect as fixed security interests, they may in fact take effect as floating security interests.

There is a possibility that a court could find that certain of the fixed security interests expressed to be created by the security documents which are governed by English law could take effect as floating charges notwithstanding that they are expressed to be fixed charges.

Where the chargor is free to deal with the charge assets without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Whether the fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the Security Trustee has the requisite degree of control over the chargor’s ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the Security Trustee in practice.

It should be noted that the Security Trust Deed contains an express freedom granted to the Borrower to withdraw moneys or transfer securities from the Borrower Accounts in accordance with the Relevant Documents. As a consequence of this express freedom to deal, the purported grant of a fixed charge by an Obligor over a particular asset may in practice take effect as a floating charge. However, in respect of the mortgage over the Property, this is likely to be a fixed security interest.

If the fixed security interests are re-characterised as floating security interests, the claims of certain statutorily defined preferential creditors of the relevant Obligor or, as the case may be, the Issuer may have priority over the rights of the Security Trustee to the proceeds of enforcement of such security.

A receiver appointed by the Security Trustee would also be obliged to pay preferential creditors out of floating charge realisations in priority to payments to the Secured Parties and the Issuer Secured Parties (including the Noteholders), respectively. The categories of preferential debts are certain amounts payable in respect of occupational pension schemes, employee remuneration and levies on coal and steel production. It should be noted, however, that, pursuant to the covenants contained in the Issuer/Borrower Facility Agreement and the Issuer Deed of Charge, neither the Issuer nor the Borrower is permitted to have any employees and its activities are otherwise restricted. Accordingly, if the Issuer and the Borrower comply with the covenants contained in, as applicable, the Issuer/Borrower Facility Agreement or the Issuer Deed of Charge, it is unlikely that the Issuer or the Borrower will have any preferential creditors.

In addition, Section 176A of the Insolvency Act provides that any receiver, liquidator or administrator of a company is required to make a “prescribed part” of the company’s “net property” available for the satisfaction of unsecured debts in priority to the claims of the floating charge holder. A company’s “net property” is defined as the amount of its property which would be available for satisfaction of debts due to the holders of any debentures secured by a floating charge and so refers to any floating charge realisations less any amounts payable to any preferential creditors or in respect of those expenses of the receivership, liquidation or administration which are permitted by law to be paid out of floating charge realisations. The “prescribed part” is an amount equal to 50 per cent. of the first £10,000 of floating charge realisations plus 20 per cent. of the floating charge realisations thereafter, provided that such amount may not exceed £600,000. However, this provision does not apply to realisations from floating charges created prior to 15 September 2003, such as the floating charges created by the Obligors in the Original Security Trust Deed and by the Issuer in the Original Issuer Deed of Charge. Accordingly,

floating charge realisations upon the enforcement of the Original Security Trust Deed and/or the Original Issuer Deed of Charge would not be reduced by the operation of this provision.

Risks relating to insolvency

Small companies moratorium

Certain small companies, as part of the company voluntary arrangement procedure, may seek court protection from their creditors by way of a moratorium (a “**CVA Moratorium**”) for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months. During the period for which a CVA Moratorium is in force in relation to a company, among other things, no winding-up may be commenced or administrator appointed to that company, no Administrative Receiver of that company may be appointed, no security created by that company over its property may be enforced (except with the leave of the Court) and no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the Court). A company is eligible for a CVA Moratorium if, at the date of filing for such a moratorium, it meets two or more of the following criteria for being a “small company” under Section 382(3) of the Companies Act 2006 (as amended): (i) its turnover is not more than £6,500,000; (ii) its balance sheet, total is not more than £3,260,000; and (iii) the number of employees is not more than 50. The position as to whether or not a company is eligible for a CVA Moratorium may change from period to period, depending on its financial position and average number of employees during that particular period.

Were the Issuer or an Obligor to qualify as a “small company” and become subject to a CVA Moratorium, the Security Trustee’s ability to enforce the Issuer Security or, as applicable, the Security might be limited. However, certain companies which qualify as “small companies” may nonetheless be excluded from being eligible for a CVA Moratorium. Companies excluded from eligibility for a CVA Moratorium include those which, at the time of filing for the CVA Moratorium, are party to a “capital market arrangement” (i.e. it involves a grant of security to a person holding it as trustee for a person who holds a capital market investment issued by a party to the arrangement) under which a party had incurred a debt of at least £10,000,000 and which involved the issue of a “capital market investment” (i.e. a bond which is “rated”, “listed” or “traded” or designed to be so) . To the extent that the issue of the Third Issue Notes and the entry into by the Issuer and the Obligors of the related Relevant Documents on the Third Issue Closing Date result in the Issuer or an Obligor to falling within this exemption, the Issuer or, as applicable, such Obligor will not be eligible for a CVA Moratorium.

Administration: the Obligors

In certain circumstances an administrator may be appointed in relation to a company the effect of which would be that, during the period for which the order is in force, the affairs, business and property of the company will be managed by the administrator. The appointment may be made:

- (i) by the Court, on the application of the company, its directors, any or all of its creditors or the justices’ chief executive for a magistrates court, provided that the Court is satisfied that the company is or is likely to become unable to pay its debts and that the administration order is reasonably likely to achieve the statutory purpose of administrations; or
- (ii) by the holder of a “qualifying floating charge” (as defined in the Insolvency Act) over the whole or substantially the whole of the company’s property who gives notice of intention to appoint an administrator to any holder of a prior qualifying floating charge and files with the Court the appointment in prescribed form (including a statutory declaration that the charge was enforceable on the date of the appointment and a statement by the proposed administrator that he believes the

statutory purpose of administration is reasonably likely to be achieved) and such other documents as may be provided; or

- (iii) the company or its directors if it or they give notice of intention to appoint an administrator to any person who may be entitled to appoint an Administrative Receiver or an administrator of the company, such person declines to appoint an Administrative Receiver or administrator (as the case may be) and the appointment is filed with the Court in prescribed form (including a statutory declaration that the company is or is likely to become unable to pay its debts and a statement by the proposed administrator that he believes the statutory purpose of administration is reasonably likely to be achieved) along with such other documents as may be provided.

An interim “*moratorium*” on enforcement action against the company, as the case may be, will come into effect on the filing with the Court of the application for making of an administration order by the Court or the notice of intention to appoint an administrator out of court, or on the presentation of a petition for an administration order, as the case may be.

During the period for which such moratorium is in force, (among other things) no steps may be taken to enforce any security over the property of the company except with the leave of the Court (and subject to such terms as the Court may impose). The moratorium remains in force where an administration application has been made and has not yet been granted or dismissed, or has been granted but the order has not yet taken effect, or where a floating charge holder has filed notice of intention to appoint an administrator with the Court, until the appointment takes effect or until 5 business days expire with no administrator having been appointed, or where the directors of or the company itself have/has filed with the Court notice of intention to appoint an administrator, until the appointment takes effect or until 10 Business Days expire with no administrator having been appointed.

During the period for which a company is in administration, (among other things) no steps may be taken to enforce any security over the property of the company except with the leave of the Court (and subject to such terms as the Court may impose) or the consent of the administrator.

Accordingly if an application is made or petition is presented for the making of an administration order by the Court, or notice is filed with the Court of the intention to appoint an administrator, or an administration order is made or an administrator is appointed in respect of the Borrower or the other Obligors, the enforcement of the Security by the Security Trustee would not be possible unless the leave of the Court or the consent of the administrator was obtained, and would in any case be delayed by the need to apply to the Court for leave or to the administrator for consent.

However, the appointment of an Administrative Receiver in respect of an Obligor would prevent that Obligor from entering administration and thereby prevent the moratorium referred to above from coming into effect. Section 72A of the Insolvency Act restricts the right of the holder of a floating charge to appoint an Administrative Receiver, unless an exception applies, but this restriction does not apply in respect of floating charges taken (either alone or with other security) over the whole or substantially the whole of the chargor’s property and which were created before 15 September 2003. Accordingly, because the Original Security Trust Deed includes a right for the Security Trustee to appoint a receiver in respect of each of the Obligors and grants the Security Trustee a floating charge (created prior to 15 September 2003) over all or substantially all of each Obligor’s property, any such receiver could be an Administrative Receiver.

However, in the Security Trust Deed, each of the Secured Parties (other than the Security Trustee and any Receiver) has agreed that unless and until all Secured Amounts have been satisfied in full it shall not petition or procure the petitioning for the winding-up or liquidation of the Obligors or for the

appointment of, *inter alia*, a receiver or an administrative receiver in respect of an Obligor or the making of an administrative order in respect of any such Obligor.

Administration: The Issuer

The Issuer is a company incorporated in the Cayman Islands. However, if the Issuer's "centre of main interests" ("COMI") as defined in Council Regulation (EC) No 1346/2000 on insolvency proceedings (the "EU Insolvency Regulation") were found to be in England and Wales, the Issuer could become subject to administration proceedings in that jurisdiction in which case an interim moratorium on enforcement action (as described in the risk factor headed "*Administration: the Obligors*" above) against the Issuer would come into effect. Under the EU Insolvency Regulation there is a rebuttable presumption that a company has its COMI in the jurisdiction in which it has its registered office, which in the case of the Issuer is the Cayman Islands. However, that presumption can be rebutted if factors which are both objective and ascertainable by third parties enable it to be established that a company's COMI is located in another jurisdiction. Given that the Issuer's directors are resident in the United Kingdom and the Issuer is required pursuant to the Third Issue Deed of Tax Covenant to be at all times resident in the United Kingdom for UK tax purposes and the Issuer will represent to the Note Trustee in the Third Issue Note Trust Deed that its COMI is in England and Wales, there is a risk that the Issuer's COMI could be found to be in England and Wales.

In addition, even if the Issuer's COMI were found to be in the Cayman Islands, Section 426 of the Insolvency Act provides that a court of a "relevant country or territory" may request that a court in the United Kingdom assist it in insolvency proceedings. Such assistance may include an administration order. At present, the Cayman Islands is a "relevant country or territory" for these purposes.

Furthermore, although pursuant to the Issuer Deed of Charge, the Security Trustee has the power to appoint a receiver in respect of the Issuer, any such receiver could not be an Administrative Receiver, because it is not possible to appoint an Administrative Receiver in respect of a company incorporated in the Cayman Islands.

However, in the Third Issue Issuer Deed of Charge, each of the Issuer Secured Parties (other than the Security Trustee) has agreed that it shall not take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer or for the appointment of, *inter alia*, an administrator in respect of the Issuer or over any or all of its assets or undertaking (although in the unlikely event that the Issuer were to have any unsecured creditors, they would not be bound by these restrictions).

Risks relating to Taxation

Taxation - Borrowing Group

The following is an outline of certain key United Kingdom taxation issues that arise for the Issuer and the Obligors in relation to the main payment flows connected with the business of the Borrowing Group and payments of interest on the Notes. It also includes a discussion of certain taxation issues arising as a result of the EU Savings Directive and U.S. federal withholding taxes imposed as a result of FATCA). It is not a comprehensive analysis of the taxation position of the Issuer and the Borrowing Group.

REIT status.

On 1 January 2007, the Group became a group UK REIT (a "REIT") under the Finance Act 2006 (now rewritten in Part 12 of the Corporation Tax Act 2010, the "CTA 2010"). This affords the Group significant tax advantages while it continues to qualify as a REIT. Broadly, the effect of being a REIT is

that Intu Properties plc and certain of its subsidiaries (the “**REIT Group**”), including the Borrower, benefit from an exemption from corporation tax on income from property rental business and on the gains on disposal of United Kingdom investment properties that were used for the purpose of its property rental business (such tax exempt income and gains and such business of the REIT Group referred to as “tax exempt profits” and “tax exempt business”). Although the directors believe that the Group will be organised and will continue to operate in a manner that will enable it to qualify as and remain a REIT, no assurance is given in the Transaction Documents that the Group will qualify or remain qualified as a REIT and in such circumstances the exemptions described above may not be available which could adversely affect the Borrower’s ability to make payments due under the Third Issue Term Facilities. If, in turn, the Issuer does not receive amounts due from the Borrower under the Third Issue Issuer/Borrower Facility Agreement, the Issuer may not have sufficient funds to enable it to meet its payment obligations under the Notes and/or any other payment obligations ranking in priority to, or *pari passu* with, the Notes.

United Kingdom taxation position of the Borrower.

Under current United Kingdom taxation law and practice, tax exempt profits received by the Borrower will be tax exempt income and other profits will constitute residual taxable profits for corporation tax purposes. The tax-exempt business is “ring-fenced” for corporation tax purposes, so that it is not possible to offset profits and losses of the tax-exempt business of the Borrower against the profits and losses of its non-tax exempt business. Accordingly, if the Borrower incurs losses in respect of its tax exempt business but makes profits in respect of its non-tax exempt business then the Borrower will continue to be liable to pay corporation tax on all its non-tax exempt profits, reducing the amount of non-exempt profits available to fund payment of interest and principal in respect of the Borrower’s borrowings. However, to the extent that such payments of interest and principal are funded by tax exempt income, the inability to utilise any losses incurred in respect of the non-tax exempt business would be of no consequence since those tax exempt profits would, in any event, be exempt from corporation tax.

In general, interest costs of the Borrower under the Third Issue Term Facilities which relate to the non-tax exempt business of the Borrower, should, under current law and practice, be deductible from the residual taxable profits (if any), broadly in accordance with their accounting treatment, in computing the liability to corporation tax of the Borrower. However, repayment of the principal amounts borrowed by the Borrower cannot be so deducted. As a consequence, part of the non-exempt profits received by the Borrower which would otherwise be available to repay principal in respect of such borrowings will be required to be applied to discharge the corporation tax liabilities of the Borrower unless the taxable income of the Borrower can itself be reduced or eliminated by other tax reliefs (for example, the surrender of tax losses).

As noted below, there can be no assurance that United Kingdom taxation law and practice will not change in a manner (including, for example, an increase in the rate of corporation tax in circumstances where taxable profits are used to make repayments of principal) that would adversely affect the ability of the Borrower to repay amounts of principal under the Third Issue Term Facilities. If, in turn, the Issuer does not receive all amounts due from the Borrower under the Third Issue Issuer/Borrower Facility Agreement, the Issuer may not have sufficient funds to enable it to meet its payment obligations under the Notes and/or any other payment obligations ranking in priority to, or *pari passu* with, the Notes.

In certain narrow circumstances REIT status can be withdrawn with retrospective effect. As a consequence, it is possible that an unexpected corporation tax liability may arise in respect of profits that were treated as tax exempt profits and it is possible that these profits may have been withdrawn

from, or otherwise utilised by, the Borrower. In these circumstances, HM Revenue & Customs would be an unsecured creditor of the Borrower in respect of such tax liability.

See also the section entitled “*IFRS – Issuer and the Borrower*” below.

Secondary taxation liabilities.

Where a company fails to discharge certain taxes due and payable by it within a specified time period, United Kingdom taxation law imposes, in certain circumstances (including where that company has been sold so that it becomes controlled by another person), a secondary liability for those overdue taxes on other companies which are or have been members of the same group of companies for tax purposes or are or have been under common control with the company that has not discharged its primary liability to pay that tax. ITCGL and the members of the Borrowing Group will on the Third Issue Closing Date enter into the Third Issue Deed of Tax Covenant under which they give certain representations to the Security Trustee with the aim of minimising the likelihood of certain such secondary liabilities detrimentally affecting the members of the Borrowing Group. Similar undertakings were given under earlier deeds of tax covenant dated 28 February 2000, 6 December 2004, 27 June 2005 and 11 November 2005 (the “**Earlier Deeds of Tax Covenant**”) executed by the Borrowing Group and certain other companies. Upon execution of the Third Issue Deed of Tax Covenant the obligations of the parties under the deed of tax covenant dated 11 November 2005 will be released with effect from a specified date, although those parties will remain liable under that earlier deed in respect of events occurring prior to that specified date. Each of the Earlier Deeds of Tax Covenant contain similar release provisions. It should be noted that although intra-group disposals by members of the Borrowing Group can, in certain circumstances, expose those members to secondary liabilities in respect of corporation tax on chargeable gains and stamp duty land tax, members of the Borrowing Group will be permitted to dispose of assets intra-group provided that they comply with the provisions of the Third Issue Deed of Tax Covenant in relation thereto - see the section entitled “*Tax on disposals and acquisitions*”.

The Borrowing Group’s VAT arrangements: joint and several liability.

Under current United Kingdom taxation law, the representative member from time to time of a VAT group is liable for all the VAT liabilities of such group and membership of a VAT group imposes on each member of such group joint and several liability for any VAT liabilities of the whole VAT group which arose during its period of membership.

As at the date of this Prospectus, none of the members of the Borrowing Group is a member of a VAT group. Historically, the Borrower, prior to 10 August 1999, was a member of a VAT group with companies which are not members of the Borrowing Group. Accordingly, in relation to periods in which a VAT group existed between the Borrower and these companies which are not members of the Borrowing Group, there is a risk that the Borrower could be held jointly and severally liable for unpaid VAT liabilities arising from the activities of such companies. Having regard to the normal VAT limitation period of three years prevailing at that time, the risk of VAT liabilities arising as a result of this historic VAT group membership is limited. However, there is a limitation period of 20 years in respect of cases involving dishonesty or where there is liability to a penalty, which has not yet passed.

The members of the Borrowing Group will covenant in the Third Issue Deed of Tax Covenant that they will not become members of any VAT group.

Contingent taxation liabilities.

The Borrower may in future acquire certain assets (including interests in properties and the share capital of other members of the Borrowing Group) from other companies which are, at the time of that acquisition, members of the same capital gains tax or stamp duty land tax group. As a consequence, the

Borrower may have a contingent liability to pay corporation tax on chargeable gains (where REIT exemption does not apply, for example on the transfer of shares or where the Group is not a REIT), or stamp duty land tax, which liability may become an actual liability to pay corporation tax on chargeable gains or stamp duty land tax, if (broadly) the Borrower ceases to be a member of the relevant tax group within a period specified by statute. If such a liability arises then (i) in the case of stamp duty land tax, it will be a liability of the Borrower and (ii) in the case of corporation tax on chargeable gains, the liability could arise either to the Borrower or to another member of the Borrowing Group depending on the circumstances which resulted in the Borrower ceasing to be a member of the relevant tax group. Also, where the Borrower disposes of certain assets to other companies which are in the same capital gains tax or stamp duty land tax group and the transferee leaves the group, then in certain circumstances the transferee could be liable for such tax and, to the extent that this contingent liability arises and the transferee fails to discharge such a contingent liability which has become an actual liability, the Borrower may become secondarily liable in respect of this liability. Were such a contingent liability to pay tax to become an actual liability to pay tax, the discharge of that tax liability could reduce the amount of post-tax income available to the Borrower, thereby potentially affecting the ability of the Borrower to make full and timely payment of interest and principal in respect of the Third Issue Term Facilities.

ITCGL, the Parent and Intermediate Holdings will represent in the Third Issue Deed of Tax Covenant that, as at the date thereof, no steps have been taken (whether by act, omission or otherwise) which could give rise to any liability to Tax of a member of the Borrowing Group as a result of that company or BartonCo ceasing to be treated as a member of a group of companies for capital gains tax purposes with another person except where an acquisition of an asset by a member of the Borrowing Group from a member of a group of companies of which it is also a member takes place in circumstances where there were no arrangements in contemplation which could give rise to such a liability to Tax. Equivalent representations were given in the Earlier Deeds of Tax Covenant in the same way as described in the section entitled “*Secondary taxation liabilities*” above.

Tax on disposals and acquisitions.

As stated above, provided that the Group remains a REIT and the relevant member of the Borrowing Group remains a member of the Group, any gain on a disposal by that member of the Borrowing Group of an interest in an investment property that was used for the purposes of its property rental business will broadly not be subject to corporation tax on chargeable gains. The disposal of capital assets (including interests in the Property where the REIT exemptions do not apply and the share capital of other members of the Borrowing Group) by members of the Borrowing Group to third parties may give rise to a liability to pay corporation tax on chargeable gains. Noteholders should be aware that should any such tax liability arise as a result of a disposal following enforcement of the security given by the members of the Borrowing Group, that tax liability could, indirectly, adversely affect the ability of the Issuer to meet its obligations under the Notes, where a fixed security interest takes effect as floating charge as described in the section entitled “*Notwithstanding that elements of the Security or the Issuer Security purport to take effect as fixed security interests, they may in fact take effect as floating security interests*” on page 69 above and, as a result, the requirement to pay a corporation tax liability to HM Revenue & Customs ranks in priority to the floating chargeholder.

United Kingdom tax position of the Issuer

The Issuer will generally be subject to corporation tax, currently at a rate of 23 per cent. (reducing to 21 per cent. from 1 April 2014), broadly on the profit reflected in its profit and loss account as increased by the amount of any non-deductible expenses or losses. If the tax payable by the Issuer is greater than

expected, the funds available to make payments on any Third Issue Term Facility will be reduced and this may adversely affect the Issuer's ability to make payments on the Notes.

IFRS – Issuer and the Borrower.

The corporation tax position of the Issuer depends to a significant extent on the accounting treatment applicable to it. The Issuer has entered into derivative contracts with third parties and back-to-back internal derivative contracts with the Borrower. Any fair value movement is eliminated by the back-to-back internal derivative contracts. As a result, for the purposes of the Issuer's accounts, there has historically been no profit or loss recognised in respect of derivative contracts. The Borrower applies International Financial Reporting Standards (“**IFRS**”) accounting and so will be required to apply fair value accounting to the internal derivative contracts which could, where REIT exemption is not available, result in taxable profits accruing which bear little or no relationship to the Borrower's cash position. However, as a result of certain regulations (principally, the Loan Relationship and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004, as amended) (the “**Disregard Regulations**”), in determining its taxable profits for corporation tax purposes arising from it being a party to derivative contracts in respect of which fair value movements are recognised under IFRS, the Borrower should be able to disregard the potential impact of such fair value movements and instead continue to compute such profits on a basis that is intended to be similar to the position under UK GAAP as at December 2004, if certain requirements are met. It should be noted that if the Borrower were not able to apply the Disregard Regulations, or if fair value profits and losses arose to the Borrower other than in relation to the derivative contracts, then the Borrower could recognise profits or losses for tax purposes as a result of the application of IFRS, which could have tax effects not contemplated in the cashflows and as such adversely affect the Noteholders.

Withholding tax in respect of the Notes.

In the event that any withholding or deduction for or on account of tax is required to be made from payments due under the Notes (as to which, in relation to United Kingdom tax, see “*Taxation*”, on page 203 below and in relation to US Federal withholding tax imposed as a result of FATCA (as defined below), see “*US Foreign Account Tax Compliance Withholding*” below), none of the Issuer, any Paying Agent or any other person will be obliged to pay any additional amounts to Noteholders or, if Definitive Notes are issued, Couponholders, or to otherwise compensate Noteholders and/or Couponholders for the reduction in the amounts they will receive as a result of such withholding or deduction.

If such a withholding or deduction is required to be made by reason of a change in law, the Issuer will have the option (but not the obligation) under Condition 5(e) of redeeming all outstanding Notes in full at their Principal Amounts Outstanding plus accrued but unpaid interest thereby shortening the life of the Notes. For the avoidance of doubt, none of the Note Trustee, Noteholders or, if Definitive Notes are issued, Couponholders, will have the right to require the Issuer to redeem the Notes in these circumstances.

EU Savings Directive.

Under the EU Savings Directive on the taxation of savings income (the “**Savings Directive**”), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The Luxembourg government has announced its intention to

elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015. A number of non-EU countries and territories have agreed to adopt similar measures.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, none of the Issuer, any Paying Agent or any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer will be required to maintain a Paying Agent in London and the United Kingdom is a Member State that does not withhold or deduct under the Savings Directive.

U.S. Foreign Account Tax Compliance Withholding.

Whilst the Third Issue Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the “ICSDs”), in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding tax imposed by Sections 1471 to 1474 of the US Internal Revenue Code of 1986, as amended (“FATCA”) will affect the amount of any payment received by the ICSDs (see “*Taxation – U.S. Foreign Account Tax Compliance Withholding*”). However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than Euroclear or Clearstream, Luxembourg) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation implementing intergovernmental agreements relating to FATCA if applicable), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. If an amount in respect of withholding tax were to be deducted or withheld from interest, principal or other payments on the Third Issue Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms and conditions of the Third Issue Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, if FATCA withholding were to apply to payments on the Third Issue Notes, investors may receive less interest or principal than they would otherwise receive.

Withholding tax in respect of the Third Issue Term Facilities.

The Issuer has been advised that, under current law, all payments made to it under the Issuer/Borrower Facility Agreement by the Borrower can be made without withholding or deduction for or on account of any United Kingdom tax. In the event that any withholding or deduction for or on account of tax is required to be made from any payment due to the Issuer in respect of any of the Term Facilities, the amount of that payment will be increased to the extent necessary to ensure that, after that withholding or deduction has been made, the Issuer receives a cash amount equal to that which it would have received had no such withholding or deduction been required to be made.

If, as a result of a change in taxation law, the Borrower is obliged to make such an increased payment to the Issuer, the Borrower will have the option (but not the obligation), subject to the then applicable

priority of payments, to prepay the Term Facilities in full. If the Borrower chooses to prepay the Term Facilities, the Issuer will then be obliged to redeem the Notes. If the Borrower does not have sufficient funds to enable it to make such increased payments to the Issuer, the Issuer may not have sufficient funds to enable it to meet its payment obligations under the Notes and/or any other payment obligations ranking in priority to, or *pari passu* with, the Notes.

Noteholders should also refer to the section entitled “*Changes of law may have a negative impact on the ability of the Issuer to meet its payment obligations under the Third Issue Notes*”, on page 83, below.

Risks Relating to the Notes

Rating Agency assessments, downgrades and changes to Rating Agency’s criteria may result in ratings volatility on the Notes.

The Third Issue Notes are rated by S&P, Fitch and Moody’s as described on the first page of this Prospectus. Such ratings reflect each Rating Agency’s assessment of the likelihood of timely payment of interest and ultimate repayment of principal on the Notes.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation, and each security rating should be evaluated independently of any other rating. A security rating will depend on, among other things, certain underlying characteristics of the business of the Borrower from time to time. If any rating assigned to the Third Issue Notes then outstanding is lowered or withdrawn, the market value of such Notes may be reduced. In addition, the ratings assigned to the counterparties to the contracts that the Issuer and Borrower are a party to may be downgraded which could impact on the rating or value of the Notes, particularly where it is difficult to find a replacement for such counterparty. In addition, at any time any Rating Agency may revise its relevant rating methodology with the result that, *inter alia*, any rating assigned to the Third Issue Notes may be affected. A rating agency, other than the Rating Agencies, may at any time give an unsolicited rating to the Third Issue Notes. Such unsolicited rating would bear no relation to the assessment and rating attributed by the Rating Agencies.

The Rating Agencies owe no duty or responsibility to the Noteholders in delivering Ratings Affirmations

Under the Note Trust Deed, the Note Trustee shall be entitled, for the purposes of exercising or carrying out any power, trust, authority, duty or discretion under or in relation to the Notes (including the Third Issue Notes) or any of the Relevant Documents (including the determination of material prejudice) to take into account any confirmation given by the Rating Agencies that a Rating Event will not occur or that the relevant matter would not cause any downgrade in the then current ratings of the Notes (a “**Ratings Affirmation**”).

A Ratings Affirmation may or may not be given at the sole discretion of the Rating Agencies, and it should be noted that, depending on the timing of the delivery of the request and any information needed to be provided as part of any such request, it may be the case that the Rating Agencies cannot provide their affirmation in the time available or at all, and the Rating Agencies will not be responsible for the consequences thereof.

A Ratings Affirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction since the Third Issue Closing Date. An affirmation of ratings represents only a restatement of the opinions given at the Third Issue Closing Date or (as the case may be) the last date on which Ratings Affirmations were given, and cannot be construed as advice for the benefit of any parties to the transaction. In particular, Noteholders

should be aware that the Rating Agencies owe no duties whatsoever to any parties to the transaction (including the Noteholders) in providing any affirmation of ratings. A modification to the Relevant Documents which is undertaken on the basis of receipt of a Ratings Affirmation may not be beneficial to Noteholders. There can be no assurance that each Rating Agency will agree to give a Ratings Affirmation and, accordingly, the Issuer or the Borrower may not be able to make a modification to or gain a consent or waiver in respect of the Relevant Documents. This may affect the Issuer's or the Borrower's ability to meet its obligations under the Relevant Documents.

Any Ratings Affirmation given by a Rating Agency:

- (i) only addresses the effect of any relevant event, matter or circumstance on the current ratings assigned by the relevant Rating Agency to the Notes (including the Third Issue Notes);
- (ii) does not address whether any relevant event, matter or circumstance is permitted by the Relevant Documents; and
- (iii) does not address whether any relevant event, matter or circumstance is in the best interests of, or prejudicial to, some or all of the Noteholders or Secured Parties.

Credit ratings may not reflect all risks relating to the Notes

One or more independent credit rating agencies may assign an unsolicited credit rating to the Notes. These ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and below and other factors that may affect the value of the Notes. Such a rating may be lower than the rating assigned to the Notes by the Rating Agencies and may impact the market value of the Notes.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to the transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU Rating Agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The list of registered and certified Rating Agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant Rating Agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant Rating Agency and the publication of the updated ESMA list.

Each of S&P, Fitch and Moody's is a credit rating agency established in the European Community and registered under the CRA Regulation.

The Third Issue Notes will be new securities for which there is no established trading market.

Prior to their issuance, there will have been only a limited primary market for the Third Issue Notes. An active secondary trading market for the Third Issue Notes may not develop or, if developed, may not be maintained. Consequently, prospective purchasers of the Third Issue Notes should be aware that they may have to hold the Third Issue Notes until their maturity. In addition, the market value of the Third Issue Notes may fluctuate with changes in prevailing rates of interest. Consequently, any sale of Notes by Noteholders in any secondary market that may develop may be at a discount to the original purchase price of such Notes.

The UK and global debt markets have recently experienced disruptions resulting in reduced investor demand for commercial mortgage loans and commercial mortgage-backed securities and increased investor yield requirements for those loans and securities. These conditions may return in the future.

In addition, the forced sale into the market of debt securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are currently experiencing funding difficulties could adversely affect the ability of investors to sell, and/or the price they receive for, the Third Issue Notes in the secondary market. As a result, the secondary market for debt securities, such as the Third Issue Notes, is experiencing, and may continue to experience limited liquidity which has had, and may continue to have, an adverse effect on the market value of debt securities.

Over-supply in the secondary market may continue to have an adverse effect on the market value of debt securities, with especially high volatility in those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors.

Consequently, the market value of the Third Issue Notes is likely to fluctuate. Any of these fluctuations may be significant.

Modifications, waivers and consents in respect of the Relevant Documents can, in certain circumstances, be approved without the agreement of the Noteholders.

The Issuer Deed of Charge, the Note Trust Deed and the Conditions of the Third Issue Notes provide that the Note Trustee or, as the case may be, the Security Trustee may agree, without the consent of Noteholders to any modification of, or to the waiver or authorisation of any breach or proposed breach of the Notes or the provisions of the Relevant Documents which, in the opinion of the Note Trustee or, as the case may be, the Security Trustee is not materially prejudicial to the interests of the Noteholders. There can be no assurance that any modification, consent or waiver will be favourable to all Noteholders. Such changes may be detrimental to the interests of some or all Noteholders or certain classes of Notes, regardless of whether the ratings of such Notes are affirmed. In addition, certain modifications, waivers and consents require specified thresholds of the Noteholders voting in favour of a proposal. Consequently, Noteholders which voted against such proposal, may be subject to modifications, waivers or consents which they did not vote in respect of or in favour of. In particular, classes of Notes that are junior to the then Most Senior Class of Notes will be bound by certain proposals approved by the Most Senior Class of Notes. See the section of this Prospectus entitled “*Terms and Conditions of the Notes – Meetings of Noteholders, Modification and Waiver*” for further details.

The Note Trustee will be required, in performing its duties as trustee under the Note Trust Deed, to have regard to the interests of all the Noteholders as a class. However, in the event of any conflict of interest between classes of Notes, the interests of the Most Senior Class of Notes shall prevail – see “*Terms and Conditions of the Notes – Meetings of Noteholders, Modification and Waiver*”, For these purposes, the interests of individual Noteholders will be disregarded and the Note Trustee will determine interests viewing the holders of the Notes as a whole.

Notes subject to redemption by the Issuer may have a lower market value than securities that cannot be optionally redeemed

The optional redemption feature of the Third Issue Notes is likely to limit their market value. Generally, the market value of the Third Issue Notes will not rise substantially above the price at which they are redeemed. However, it should be noted that the Third Issue Notes can only be redeemed at the Issuer’s

option in the event that: (i) a change in tax law which becomes effective on or after the Third Issue Closing Date means, on the next Interest Payment Date, the Issuer or the Borrower (as the case may be) would be required to deduct or withhold from any payment of principal or interest on, in the case of the Issuer, the Third Issue Notes and, in the case of the Borrower, the Issuer/Borrower Facility Agreement (subject to certain exceptions) any amount for on or account of any present or future taxes, duties, assessments or governmental charges assessed by the United Kingdom; (ii) it becomes unlawful for the Issuer to make or to continue to make advances available to the Borrower under the Issuer/Borrower Facility; (iii) the Borrower repays all sums owing under the Issuer/Borrower Facility Agreement with the proceeds of its insurances in accordance with the terms thereof. At those times, an investor generally may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Third Issue Notes and may only be able to do so at a significantly lower rate. However a premium may be payable to the Third Issue Noteholders in certain of these circumstances see further the section of this Prospectus entitled “*Terms and Conditions of the Third Issue Notes*”. Potential investors should consider reinvestment risk in light of other investments available at that time.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Third Issue Notes are legal investments for it, (b) the Third Issue Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any of the Third Issue Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Third Issue Notes under any applicable risk-based capital or similar rules.

Transfer of the Third Issue Notes will be restricted, which may adversely affect their liquidity and value.

The Third Issue Notes have not been and will not be registered under the Securities Act or the securities law of any jurisdiction and, unless so registered, may not be offered or sold in the U.S. except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. The offering of the Third Issue Notes (and beneficial interests therein) will be made pursuant to exemptions from the registration provisions of the Securities Act and from other securities laws. Accordingly, reoffers, resales, pledges and other transfers of the Third Issue Notes (and beneficial interests therein) are subject to certain transfer restrictions. Potential Noteholders should read the discussions on the section of this Prospectus entitled “*Subscription and Sale*” for further information about these and other transfer restrictions. It is the obligation of each Noteholder to ensure that its offers and sales of Notes comply with applicable law. Potential investors are advised to consult legal counsel in connection with any such reoffer, resale, pledge or other transfer.

The Third Issue Notes may not be a suitable investment for all investors.

Each potential investor in the Third Issue Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Third Issue Notes, the merits and risks of investing in the Third Issue Notes and the information contained in this Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Third Issue Notes and the impact the Third Issue Notes will have on its overall investment portfolio;

- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Third Issue Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Third Issue Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Third Issue Notes, which are complex financial instruments, unless it has the expertise (either alone or with a financial adviser) to evaluate how the Third Issue Notes will perform under changing conditions, the resulting effects on the value of the Third Issue Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Third Issue Notes in book-entry form will be subject to the rules of Euroclear and Clearstream, Luxembourg respectively, which may not be adequate to ensure the owners their timely exercise of rights under the Third Issue Notes.

The Third Issue Notes will initially only be issued in global form and deposited with a Common Depository for Euroclear and Clearstream, Luxembourg. Interests in the Third Issue Global Notes will trade in book-entry form only. The Common Depository, or its nominee, for Euroclear and Clearstream, Luxembourg will be the sole holder of the Global Notes representing the Third Issue Notes. Accordingly, owners of book-entry interests must rely on the procedures of Euroclear and Clearstream, Luxembourg, and non-participants in Euroclear or Clearstream, Luxembourg must rely on the procedures of the participant through which they own their interests, to exercise any rights and obligations of a holder of Notes.

Unlike the holders of the Third Issue Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Third Issue Notes. The procedures to be implemented through Euroclear and Clearstream, Luxembourg may not be adequate to ensure the timely exercise of rights under the Third Issue Notes.

Definitive Notes not having denominations in integral multiples of the minimum authorised denomination may have difficulty in trading in the secondary market.

The Notes have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £1,000 up to £199,000. Accordingly, it is possible that the Third Issue Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if Definitive Notes are required to be issued, a Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a Definitive Note in respect of such holding and may need to purchase a further principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

Prepayment of the Term Advances may negatively affect the projected yield to maturity of the Third Issue Notes.

The yield to maturity of the Third Issue Notes will depend on, *inter alia*, the amount and timing of repayment and prepayment of principal on the Term Advances and the price paid by the Third Issue Noteholders. Such yield may be adversely affected by a higher than anticipated rate of prepayment on the Term Advances. The Borrower is permitted voluntarily to prepay the Term Advances (subject to minimum notice periods), and accordingly the rate and timing of prepayment of the Term Advances cannot be predicted with certainty. The availability to the Borrower of sufficient funds to prepay the Term Advances will be influenced by a wide variety of economic and other factors, including prevailing interest rates, the buoyancy of the UK retail market, the availability of alternative financing and local and regional economic conditions. Therefore, no assurance can be given as to the level of prepayment that will be experienced.

Changes of law may have a negative impact on the ability of the Issuer to meet its payment obligations under the Third Issue Notes.

The transactions described in this Prospectus and the ratings which are to be assigned to the Third Issue Notes are based on the relevant law and administrative practice in effect as at the date hereof, and having regard to the expected tax treatment of all relevant entities under such law and practice. It is possible that, whether as a result of case law or through statute, changes in law or regulations, or their interpretation or application after the Third Issue Closing Date, may result in either the Issuer's, the Borrower's or the Borrower's debt financing arrangements as originally structured no longer having the effect anticipated or which could have a material adverse effect on the Issuer's, the Borrower's or the Borrower's business, financial condition and results of operations and/or could adversely affect the rights, priorities of payments and/or treatment of holdings in Notes of the Third Issue Noteholders.

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Third Issue Notes.

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in numerous measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in certain securitisation exposures and/or the incentives for certain investors to invest in securities issued under such structures, and may thereby affect the liquidity of such securities. Investors in the Third Issue Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arrangers and Lead Managers, or any of the parties to the transaction makes any representation to any prospective investor or purchaser of the Third Issue Notes regarding the regulatory capital treatment of their investment in the Third Issue Notes on the Third Issue Closing Date or at any time in the future.

Such regulation includes Articles 404-410 of the CRR, which provide that an EU credit institution shall only be exposed to the credit risk of a securitisation position if (a) the originator, sponsor or original lender has represented that it will retain, on an on-going basis, a material net economic interest in the securitisation of not less than 5 per cent. and (b) it is able to demonstrate to its regulator on an on-going basis that it has a comprehensive and thorough understanding of the key terms, risks and performance of each securitisation position in which it is invested. Failure by an EU credit institution investor to comply with the requirements of Articles 404-410 of the CRR in relation to any applicable investment will result in an increased capital charge to or increased risk-weighting applying to such investor in respect of that investment. Similar requirements to those set out in Articles 404-410 of the CRR have been implemented for EU-regulated alternative investment fund managers by Section 5 of Regulation (EU)

No 231/2013 (the “AIFMR”) and are expected to be implemented for other EU-regulated investors, including insurance or reinsurance undertakings and UCITS.

No retention representation of the sort referred to in the preceding paragraph has been made in relation to this transaction. The Issuer has considered, and obtained legal advice as to, the applicability of Articles 404-410 of the CRR and Section 5 of the AIFMR to this transaction and is of the opinion that the Third Issue Notes do not constitute an exposure to a “securitisation position” for the purposes of Articles 404-410 of the CRR and Section 5 of the AIFMR. This is on the basis (amongst other things) that payments under the Notes are not dependent upon the performance of an exposure or pool of exposures, but rather upon the performance of the Borrower’s general business in owning, operating and managing the Property. In particular, (i) payments under the Notes are not dependant upon the performance of the Term Advances (which effectively act as a pass-through); and (ii) the Leases do not represent exposures or a pool of exposures being securitised, since they do not exist as a portfolio of static receivables on their own, isolated for the benefit of the Issuer (and therefore the Noteholders of the Notes) but are instead part of the general business of owning, operating and managing the Property, the success of which as a business will ultimately determine whether or not the holders of the Notes are repaid in full. The Issuer is therefore of the opinion that the requirements of Articles 404-410 of the CRR and Section 5 of the AIFMR should not apply to investments in the Third Issue Notes.

However, investors should be aware that the regulatory capital treatment of any investment in the Third Issue Notes will be determined by the interpretation which an investor’s regulator places on the provisions of the CRR and the AIFMR. Prospective investors should therefore be aware that should the relevant investor’s regulator interpret the regulations such that Articles 404-410 of the CRR and Section 5 of the AIFMR do apply to an investment in the Third Issue Notes, significantly higher capital charges may be applied to that investor’s holding. Although market participants have, in consultations relating to these regulatory reforms, requested guidance on the structures captured by the definitions, no definitive guidance has been forthcoming. Therefore some uncertainty remains as to which transactions are subject to Articles 404-410 of the CRR.

Investors in the Third Issue Notes are responsible for analysing their own regulatory position and independently assessing and determining whether or not Articles 404-410 of the CRR or Section 5 of the AIFMR will be applied to their exposure to the Third Issue Notes and therefore prospective investors should not rely on the Issuer’s interpretation set out above. Further, the Arrangers and Lead Managers and their Affiliates do not make any representation in respect of the application of Articles 404-410 of the CRR and Section 5 of the AIFMR to any investment in the Third Issue Notes. Investors should consult their regulator should they require guidance in relation to the regulatory capital treatment that their regulator would apply to an investment in the Third Issue Notes.

Articles 404-410 of the CRR and Section 5 of the AIFMR and/or any further changes to the regulation or regulatory treatment of the Third Issue Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Third Issue Notes in the secondary market. No assurance can be given that further changes will not be made to the CRR or AIFMR which could impact holders of the Notes.

Changes to the Basel II Framework may affect the capital and/or the liquidity requirements associated with a holding of the Third Issue Notes for certain investors.

In 1988, the Basel Committee adopted capital guidelines that explicitly link the relationship between a bank’s capital and its credit risks. In June 2006, the Basel Committee finalised and published new risk-adjusted capital guidelines (“**Basel II**”). Basel II includes the application of risk-weighting which depends upon, amongst other factors, the external or, in some circumstances and subject to approval of

supervisory authorities, internal credit rating of the counterparty. The revised requirements also include allocation of risk capital in relation to operational risk and supervisory review of the process of evaluating risk measurement and capital ratios.

More recently, the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as “**Basel III**”) including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and a minimum leverage ratio for financial institutions. In particular, the changes include new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the “**Liquidity Coverage Ratio**” and the “**Net Stable Funding Ratio**” respectively). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The Basel Committee is also considering introducing additional capital requirements for systemically important institutions. The European authorities have implemented Basel III via a new capital requirements directive (the “**CRD4**”) and a capital requirements regulation (the “**CRR**”). The requirements of the CRD4 and the CRR and taking effect in stage beginning on 1 January 2013, with full implementation by 1 January 2019. Basel III, the CRD4 and the CRR may have an impact on incentives to hold the Third Issue Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Third Issue Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Third Issue Notes and as to the consequences to and effect on them of Basel III, the CRD4, the CRR and any implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Certain conflicts of interest involving or relating to the Arrangers and Lead Managers and their respective affiliates will play various roles in relation to the offering of the Third Issue Notes, including acting as the structurers of the transaction and in other roles described below.

The Arrangers and Lead Managers may purchase the Third Issue Notes from the Issuer on the Third Issue Closing Date and resell them in individually negotiated transactions at varying prices.

The Arrangers and Lead Managers or one or more of their respective affiliates may also assist clients and counterparties in transactions related to the Third Issue Notes (including assisting clients in future purchases and sales of the Third Issue Notes) and in doing so, the Arrangers and Lead Managers or their relevant affiliates would expect to earn fees and other revenues from these transactions.

The Arrangers and Lead Managers may provide a range of financial services to a substantial and diversified client base that includes corporations, financial institutions and governments. The Arrangers and Lead Managers or one or more of their respective affiliates may actively make markets in and trade financial instruments for their own account and for the accounts of customers in the ordinary course of their business. The Arrangers and Lead Managers or one or more of their respective affiliates may have positions in or may have arranged financing in respect of the Third Issue Notes, the Notes generally or the Property and may have provided or may be providing investment banking services and other services to the other transaction parties.

Each of the Arrangers and Lead Managers, or as the case may be, their relevant affiliates may act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the holders of the Third Issue Notes, the Notes generally or any other party.

Each of the Arrangers and Lead Managers, or as the case may be, their relevant affiliates may act as manager, arranger, placement agent and/or initial purchaser or investment manager in other transactions involving issues of commercial mortgage-backed securities or other investment funds with assets similar to those of the Issuer, which may have an adverse effect on the price or value of the Third Issue Notes. The Arrangers and Lead Managers, or as the case may be, their relevant affiliates do not disclose specific trading positions or their hedging strategies, including whether they are in long or short positions in any Notes or obligations referred to in this Prospectus except where required in accordance with applicable law.

In the ordinary course of business, the Arrangers and Lead Managers and/or affiliates, employees or customers of an Arranger and Lead Manager may actively trade in and/or otherwise hold long or short positions in the Third Issue Notes or the Notes generally or enter into transactions similar to or referencing the Notes for their own accounts and for the accounts of their customers. If an Arranger and Lead Manager or any of its affiliates becomes an owner of any of the Notes, through market making activity or otherwise, any actions that it takes in its capacity as owner, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other owners of the Notes. To the extent an Arranger and Lead Manager or any of its affiliates makes a market in the Notes (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Notes. In connection with any such activity, it will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the Third Issue Notes or the Notes generally. The price at which an Arranger and Lead Manager or any of its affiliates may be willing to purchase Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Third Issue Notes and significantly lower than the price at which it may be willing to sell the Notes.

OVERVIEW OF PRINCIPAL DOCUMENTS

Issuer/Borrower Facility Agreement

Under the terms of the Issuer/Borrower Facility Agreement entered into on the Original Closing Date (the “**Original Issuer/Borrower Facility Agreement**”) as amended and restated on the Second Issue Closing Date (the “**Second Issue Issuer/Borrower Facility Agreement**”), the Issuer agreed to make available to the Borrower on the Original Closing Date and the Second Issue Closing Date the Original Term Facilities and the Second Issue Term Facilities, respectively. Under the terms of the Third Issue Issuer/Borrower Facility Agreement to be entered into on the Third Issue Closing Date (the “**Third Issue Issuer/Borrower Facility Agreement**”), the Issuer will agree to make available to the Borrower on the Third Issue Closing Date the Third Issue Term Facilities. The Original Issuer/Borrower Facility Agreement, as amended and restated by the Second Issue Issuer/Borrower Facility Agreement and as further amended by the Third Issue Issuer/Borrower Facility Agreement, the “**Issuer/Borrower Facility Agreement**”.

Words and expressions used in this section and not specifically defined below have the meanings given to them in the Issuer/Borrower Facility Agreement.

The Original Term Facilities

The Original Issuer/Borrower Facility Agreement provided that the following term facilities (the “**Original Term Facilities**”) were made available by the Issuer to the Borrower by way of cash advances made on the Original Closing Date:

- (a) a term facility in an aggregate principal amount of £340,000,000, which matches the aggregate principal amount outstanding on the Original Closing Date of the Class A2 Notes (the “**Term A2 Facility**”);
- (b) a term facility in an aggregate principal amount of £120,000,000, which matches the aggregate principal amount outstanding on the Original Closing Date of the Original Class B Notes (the “**Original Term B Facility**”); and
- (c) a term facility in an aggregate principal amount of £50,000,000, which matches the aggregate principal amount outstanding on the Original Closing Date of the Class D2 Notes (the “**Term D2 Facility**”).

In addition, term facilities were made available on the Original Closing Date in respect of the £50,000,000 Class A1 Floating Rate Secured Notes due 2013 and the £50,000,000 Class D1 Floating Rate Secured Notes due 2017. However, these facilities were repaid in full following the redemption of such Notes on the July 2005 Redemption Date.

The Second Issue Term Facilities

The Second Issue Issuer/Borrower Facility Agreement provided that the following term facilities (the “**Second Issue Term Facilities**”) were made available by the Issuer to the Borrower by way of cash advances made on the Second Issue Closing Date:

- (a) a term facility in an aggregate principal amount of £76,500,000, which matches the aggregate principal amount outstanding on the Second Issue Closing Date of the Class A1(N) Notes (the “**Term A1(N) Facility**”);

- (b) a term facility in an aggregate principal amount of £108,000,000, which matches the aggregate principal amount outstanding on the Second Issue Closing Date of the Class A3 Notes (the “**Term A3 Facility**”);
- (c) a term facility in an aggregate principal amount of nil, which matches the aggregate principal amount outstanding on the Second Issue Closing Date of the Class B2 Notes (the “**Term B2 Facility**”); and
- (d) a term facility in an aggregate principal amount of nil, which matches the aggregate principal amount outstanding on the Second Issue Closing Date of the Class D1(N) Notes (the “**Term D1(N) Facility**”).

Further advances were also made under the Second Issue Issuer/Borrower Facility Agreement following the sale of reserve notes on 30 January 2006, such advances being £80,500,000 under the Term A3 Facility, £20,000,000 under the Term B2 Facility and £69,550,000 under the Term D1(N) Facility.

The Third Issue Term Facilities

The Third Issue Issuer/Borrower Facility Agreement provides that subject to satisfying certain conditions precedent (as described below), the following term facilities (the “**Third Issue Term Facilities**”) will be made available by the Issuer to the Borrower by way of cash advances made on the Third Issue Closing Date:

- (a) a term facility in an aggregate principal amount of £20,000,000, which matches the aggregate principal amount outstanding on the Third Issue Closing Date of the Third Issue Class A4 Notes;
- (b) a term facility in an aggregate principal amount of £20,000,000, which matches the aggregate principal amount outstanding on the Third Issue Closing Date of the Third Issue Class B3 Notes; and
- (c) a term facility in an aggregate principal amount of £70,000,000, which matches the aggregate principal amount outstanding on the Third Issue Closing Date of the Third Issue Class D3 Notes,

“**Term Facilities**” means the Original Term Facilities, the Second Issue Term Facilities and the Third Issue Term Facilities and any further term facility funded through the issue of Further Notes (a “**Further Term Facility**”) or New Notes (a “**New Term Facility**”).

“**Term Loan**” means the aggregate principal amount for the time being outstanding under the Term Facilities.

The monies advanced to the Borrower under the Third Issue Term Facilities will be applied as further described under the section of this Prospectus headed “*Use of Proceeds*”.

Conditions Precedent to making the Third Issue Term Facilities

It will be a condition precedent to the Issuer making any of the Third Issue Term Facilities that the Security Trustee is satisfied on the Third Issue Closing Date that, *inter alia*:

- (a) the Third Issue Notes have been issued and the subscription proceeds in respect of them received by the Issuer;
- (b) delivery is or has been made of, *inter alia*, the Property Certificates, the Valuation Report and the relevant legal opinions relevant as set out in the Issuer/Borrower Facility Agreement;
- (c) delivery has been made of solvency certificates from the Borrower, the Parent and Intermediate Holdings (together the “**Obligors**”);

- (d) each of the Relevant Documents in respect of the Third Issue Notes has been duly executed by the parties thereto; and
- (e) the various insurance policies referred to therein are in force.

Further Term Facilities, New Term Facilities and Third Party Facilities

The terms and conditions of issue of the Notes and the provisions of the Issuer/Borrower Facility Agreement permit further issues of notes (“**Further Issues**”) and consequently further advances under the Issuer/Borrower Facility (the “**Further Term Facilities**”), on satisfaction of certain conditions (as set out below).

It will be a condition precedent to any Further Issue being made that:

- (a) the aggregate principal amount of the Further Issue is not less than £15,000,000;
- (b) the notes comprising the Further Issue are assigned the same ratings as are then applicable to the relevant class of Notes;
- (c) the proceeds of the Further Term Facility is to be used for a permitted purpose;
- (d) the Rating Agencies confirm that there will not, as a result of the Further Issue, be a Rating Event;
- (e) a first fixed mortgage and other relevant security interests over any assets acquired with the proceeds thereof are given in favour of the Security Trustee at the relevant drawdown date (if applicable);
- (f) no Loan Event of Default has occurred and is continuing and/or requirement to deposit funds in the Reserve Accounts is then subsisting or would occur as a result;
- (g) the Issuer’s interest payment liabilities in respect of the Further Issue are hedged to the satisfaction of the Rating Agencies; and
- (h) no Note Event of Default has occurred and is continuing or would occur as a result.

The terms and conditions of the Notes and the provisions of the Issuer/Borrower Facility Agreement permit the Issuer to raise further funds through the and issue of new notes (“**New Notes**”) (and consequently make new advances under the Issuer/Borrower Facility Agreement (“**New Term Facilities**”)) in respect of a new class which may rank *pari passu* with any class of the existing Notes or ahead of the Class B Notes and/or the Class D Notes but will not form a single class therewith, on satisfaction of certain conditions.

It will be a condition precedent to any New Note being issued that:

- (a) the aggregate principal amount of each issue of New Notes is not less than £15,000,000;
- (b) the Rating Agencies confirm that there will not, as a result of the issue of such New Notes, be a Rating Event;
- (c) the proceeds of the New Term Facility is to be used for a permitted purpose;
- (d) a first fixed mortgage and other relevant security interests over any newly acquired Permitted Business acquired with the proceeds thereof be given in favour of the Security Trustee at the relevant drawdown date (if applicable);
- (e) no Loan Event of Default has occurred and is continuing and/or a requirement to deposit funds in the Reserve Accounts is then subsisting or would occur as a result;

- (f) the Issuer's interest payment liabilities in respect of such New Notes are hedged to the satisfaction of the Rating Agencies; and
- (g) no Note Event of Default has occurred and is subsisting or would occur as a result.

It will be a condition precedent to any Further Note or New Note being issued or any Third Party Loan being made that the relevant Further Term Facility, New Term Facility or Third Party Loan (as the case may be) is to be used:

- (i) to invest in a Permitted Business; and/or
- (ii) to refinance part of the Term Facilities; and/or
- (iii) to finance a Permitted Payment (as defined below); and/or
- (iv) to invest in a Permitted Transaction; and/or
- (v) to use for a Permitted Acquisition; and/or
- (vi) for any other purpose agreed by the Security Trustee; and/or
- (vii) in the case of a Third Party Loan only (in addition to the above), for its working capital.

For these purposes:

“**Permitted Business**” means the development or investment by the Borrower in specifically delineated land surrounding the Property; or a business which is a development or investment centred around the Borrower's competencies in the acquisition, development, ownership and management of retail centres with ancillary or related leisure facilities in the United Kingdom;

The provisions of the Issuer/Borrower Facility Agreement will permit the Borrower to raise further funds through Third Party Loans (other than from members of the ITCGL Group) (which may rank *pari passu* with or in priority to any tranche of the Issuer/Borrower Facility) on satisfaction of certain conditions (as set out below).

It will be a condition precedent to any Third Party Loan being made that:

- (a) the aggregate principal amount of the Third Party Loan is not less than £1,000,000;
- (b) the Rating Agencies confirm that there will not, as a result of the Third Party Loan, be a Rating Event;
- (c) such security interests as the lender of the Third Party Loan may require over any assets acquired with the proceeds thereof be given in favour of the Security Trustee at the relevant drawdown date (if applicable);
- (d) the lender of the Third Party Loan accedes to the terms of the Security Trust Deed and agrees to accede to the terms thereof including, without limitation, the Borrower Priorities of Payments (as defined below) and the provisions as to enforcement;
- (e) no Loan Event of Default or Potential Loan Event of Default has occurred and is continuing or would occur as a result and/or no requirement to deposit funds in the Reserve Accounts is then subsisting or would occur as a result;
- (f) the Borrower's interest payment liabilities in respect of the Third Party Loan are hedged to the satisfaction of the Rating Agencies; and
- (g) no Note Event of Default has occurred or is continuing.

Interest

The rate of interest payable on each amount advanced under the Third Issue Term Facilities (respectively, the Third Issue Term A4 Advance, the Third Issue Term B3 Advance and the Third Issue Term D3 Advance) for the applicable interest period in respect thereof shall be as follows:

- (a) in respect of the Third Issue Term A4 Advance, 2.875 per cent. per annum;
- (b) in respect of the Third Issue Term B3 Advance, 4.250 per cent. per annum; and
- (c) in respect of the Third Issue Term D3 Advance, 4.750 per cent. per annum.

In respect of amounts advanced under the Original Term Facilities and the Second Issue Term Facilities, the rate of interest payable corresponds to the rate of interest payable on the corresponding class of Notes (taking into account any amounts payable by the Issuer in respect of hedging arrangements).

In addition, under the Issuer/Borrower Facility Agreement, the Borrower will agree to pay by way of a fee or additional interest, on each Loan Payment Date in respect of the Term Facilities, such amounts as are necessary to enable the Issuer to pay, or provide for all other amounts falling due to be paid, on that date as specified in “*Overview of Principal Documents — Cash Management Agreement*”.

Repayment

Each of the Term A1(N) Advance, the Term A2 Advance, the Term A3 Advance, the Original Term B Advance, the Term B2 Advance, the Term D1(N) Advance and the Term D2 Advance will be repayable in instalments in accordance with, and on the relevant loan payment date corresponding to each Interest Payment Date under the Notes in the same amounts specified in, the Conditions for the repayment of principal on the Class A1(N) Notes, Class A2 Notes, Class A3 Notes, Original Class B Notes, Class B2 Notes, the Class D1(N) Notes and the Class D2 Notes respectively which are each set out in Condition 5(b). The Third Issue Term A4 Advance will be repayable in full on the Loan Payment Date falling in April 2019, the Third Issue Term B3 Advance will be repayable in full on the Loan Payment Date falling in April 2024 and the Third Issue Term D3 Advance will be repayable in full on the Loan Payment Date falling in April 2024.

The amounts specified as being due on a Loan Payment Date in Condition 5(b) in respect of the Class D1(N) Notes are maximum amounts for the relevant date. To the extent that, on any Loan Payment Date, there are insufficient funds available to meet the corresponding maximum amount due in respect of the Term D1(N) Facility in accordance with the Borrower Pre-Enforcement Pre-Acceleration Priority of Payments or the Borrower Post-Enforcement Pre-Acceleration Priority of Payments to enable such payment to be made, then to the extent of such deficit, no such amount shall be payable. If on any subsequent Loan Payment Date there are amounts available under the Borrower Pre-Enforcement Pre-Acceleration Priority of Payments or the Borrower Post-Enforcement Pre-Acceleration Priority of Payments to pay an amount in excess of the applicable amount due on that day in respect of the Term D1(N) Facility, then there shall also fall due for payment on such day, to the extent of amounts so available, an amount in respect of previous amounts so deferred and which have not been paid in full.

The Issuer/Borrower Facility Agreement will contain provisions which will permit the Borrower, subject to certain conditions (including verification of all required calculations, provision of legal opinions and solvency certificates satisfactory to the Security Trustee and other conditions set out in Clause 19 of the Issuer/Borrower Facility Agreement), to defease its obligations under the Term Facilities by depositing a sufficient sum with an appropriately rated financial institution so as to match the then relevant scheduled repayment (as determined in accordance with Condition 5(b)(i)) of the Term Facilities. Any amount so defeased shall be regarded for all purposes as no longer outstanding.

Prepayment

The Borrower will be entitled to prepay, in whole or in part (but if in part in a minimum amount of £10,000 and integral multiples of £10,000 in the case of the Original Term Advances, £50,000 and integral multiples of £50,000 in the case of the Second Issue Term Advances and £100,000 and integral multiples of £100,000 in the case of the Third Issue Term Advances), the Term A1(N) Advance, the Term A2 Advance, the Term A3 Advance, the Third Issue Term A4 Advance, the Original Term B Advance, the Term B2 Advance, the Third Issue Term B3 Advance, the Term D1(N) Advance, the Term D2 Advance and the Third Issue Term D3 Advance or any Further Term Advance (the “**Term Advances**”) on any Loan Payment Date in certain circumstances, as set out in Condition 5(c).

The Issuer agrees to apply any amounts received by way of prepayment in respect of any Term Advance in making prepayments under the corresponding class of Notes.

Any purchase of the Notes by the Borrower will result in their surrender to the Issuer and, to the extent of such purchase and cancellation, the Term Facility corresponding to the Notes so purchased and cancelled will be treated as having been prepaid to the extent of such purchase and cancellation.

Representations

No independent investigation with respect to the matters represented in the Issuer/Borrower Facility Agreement will be made by the Secured Parties (including the Issuer and the Security Trustee) other than (a) a search on the Third Issue Closing Date against the Borrower, the Parent and Intermediate Holdings in the relevant file held by the Registrar of Companies and at the Companies Court in respect of winding-up petitions, (b) priority title searches in respect of the Property prior to the Third Issue Closing Date at the appropriate land registry and (c) pursuant to the provisions of the Certificate of Title and Construction Certificate. In relation to such matters, the Secured Parties (including the Issuer and the Security Trustee) will, save as previously disclosed, rely entirely on the representations given by the Borrower (and, in relation to certain matters, the Parent and Intermediate Holdings — see below) in the Issuer/Borrower Facility Agreement which will be repeated on the Third Issue Closing Date. These will include representations (which will, in certain cases, be subject to a knowledge and/or a Material Adverse Effect (as defined below) qualification), broadly as to the following and other matters:

- (a) due incorporation and all necessary governmental and other consents, approvals, licences and authorisations necessary to carry on its business having been obtained;
- (b) requisite corporate power and authority to enter into each of the Relevant Documents to which it is a party;
- (c) no litigation, arbitration, administrative proceedings or governmental or regulatory investigations, proceedings or disputes (including, without limitation, labour disputes) have been commenced nor, to its knowledge, threatened against it or any of its assets or revenues nor, to its knowledge, are there any circumstances reasonably likely to give rise to any such litigation, arbitration, administrative proceedings or governmental or regulatory investigations, proceedings or disputes, which in any such case would be reasonably likely to have a Material Adverse Effect;
- (d) as at the Third Issue Closing Date:
 - (i) it has no encumbrances existing over all or any of its present or future revenues, undertakings or assets other than certain permitted encumbrances; and
 - (ii) it has not incurred any financial indebtedness or other material liabilities other than certain permitted financial indebtedness and liabilities;

- (e)
 - (i) no Loan Event of Default has occurred which has not been remedied or waived (or otherwise ceased to be continuing); and
 - (ii) no Potential Loan Event of Default (as defined in the Issuer/Borrower Facility Agreement) has occurred which has not been remedied or waived (or otherwise ceased to be continuing);
- (f) the audited financial statements of the Borrower for the financial years ended 31 December 2012 and 2013 provided on the Third Issue Closing Date, which are produced in this Prospectus, were prepared in accordance with IFRS as adopted by the European Union and give (in conjunction with the notes thereto) a true and fair view of the financial condition of the Borrower as of the date at which they were prepared and the results of the operations of the Borrower during the period to which they relate;
- (g) there has been no change, since the date of preparation of the audited financial statements of the Borrower for the financial year ended on 31 December 2013, in its financial condition or business which would have a Material Adverse Effect;
- (h)
 - (i) the Borrower has obtained all requisite environmental licences required for the carrying on of its business as currently conducted which if not obtained would be reasonably likely to have a Material Adverse Effect and has at all times complied with:
 - (A) the terms and conditions of such environmental licences; and
 - (B) all other applicable environmental laws,which, in each case, if not complied with would be reasonably likely to have a Material Adverse Effect;
 - (ii) no dangerous substance has been used, disposed of, generated, stored, transported, dumped, deposited, buried or emitted at, on, from or under any premises (whether or not owned, leased, occupied or controlled by it) in circumstances where this results in a liability on the Borrower which would be reasonably likely to have a Material Adverse Effect; and
 - (iii) as far as the Borrower is aware, there is no environmental claim pending or threatened in writing, and so far as it is aware there are no past or present acts, omissions, events or circumstances that would be reasonably likely to form the basis of any environmental claim against it, which would be reasonably likely to have a Material Adverse Effect;
- (i)
 - (i) all governmental consents, licences and other approvals and authorisations necessary (including, without limitation, planning consents) for the conduct of its business as conducted at the Third Issue Closing Date have been obtained;
 - (ii) the terms and conditions of such governmental consents, licences and other approvals and authorisations (including, without limitation, planning consents) have been complied with; and

- (iii) such governmental consents, licences and other approvals and authorisations (including, without limitation, planning consents) have not been revoked or otherwise terminated, where (and to the extent only that) the failure to obtain or comply with the same or, as appropriate the revocation or termination of which, would be reasonably likely to have a Material Adverse Effect.
- (j)
- (i) so far as it is aware, no claims with respect to tax incurred by the Obligors are being or are reasonably likely to be asserted against any of the Obligors;
 - (ii) the Obligors are not aware of any disputes or potential disputes with any taxation authority with respect to tax incurred by the Obligors;
 - (iii) no Obligor is materially overdue in the filing of any tax return; and
 - (iv) no Obligor is currently the subject of any non-routine investigation or series of enquiries by any taxation or excise authority, the consequences of which would be reasonably likely to have a Material Adverse Effect;
- (k) subject to matters of law only which are set out in the legal opinions delivered as conditions precedent and to all necessary registrations of the same being completed within the relevant priority period, each security document to which it is a party creates the security interests which that security document purports to create or, if that security document purports to evidence a security interest, accurately evidences that security interest which has been validly created and, in each case, which are not liable to avoidance on liquidation or administration and there is no mortgage, security, lien, pledge, option, right to acquire or other charge or equity on or over the respective assets of the Obligors which would rank in priority to or *pari passu* with the security for its obligations under the Relevant Documents;
- (l) the claims of the Secured Parties against any of the Obligors under the Relevant Documents to which it is a party will rank at least *pari passu* with claims of all its other unsecured creditors, save those whose claims are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application;
- (m) so far as it is aware, no Obligor is in breach of or in default under any agreement or arrangement to which it is a party or which is binding on it or any of its assets to an extent or in a manner which would be reasonably likely to have a Material Adverse Effect;
- (n) save as revealed in the Property Certificates:
- (i) each Obligor is the absolute legal and beneficial owner (subject to any necessary registrations in the books of the entity whose shares are being charged) of all of its assets subject to the Security Trust Deed and is entitled to use all of such assets necessary to carry on its business as presently conducted; and
 - (ii) without limitation to the generality of the foregoing, the Borrower is the sole legal and beneficial owner of, and has a good and legally marketable title in the Borrower's own name to, the freehold estate in all of the Property (subject to matters referred to in the Property Certificates);
- (o) all information in relation to the Property and the Leases supplied by the Borrower to the relevant solicitors in connection with the preparation by the relevant firms of the Property Certificates

was on the date such information was delivered and remains in each case, true and accurate in all material respects and no information of a material nature has been omitted, save to the extent that such inaccuracy or omission is not reasonably likely to have a Material Adverse Effect;

(p)

- (i) the list of insurance policies for the Borrower detailed in the Security Trust Deed is true and accurate as at the Third Issue Closing Date;
- (ii) each of the insurance policies is in full force and effect, all premiums due thereon have been paid in full and there are no outstanding claims under any of the insurance policies which are not expected to be covered by such policies and which would be reasonably likely to have a Material Adverse Effect;
- (iii) there has been no breach of any term of any insurance policy which would entitle the relevant insurer to avoid the same;
- (iv) each of the insurance policies can be assigned to the Issuer by way of security as contemplated by the Security Trust Deed and the interest so assigned can be charged by the Issuer to the Security Trustee on behalf of the Secured Parties;
- (v) in respect of the Property, buildings insurance covering risks to properties and/or buildings is maintained either by it or another person with an interest in the Property in an amount at least equal to its full replacement value (as determined in accordance with commercial property market practice generally) and covers those risks usually covered by and available to a reasonably prudent owner of property of the same nature as the Property and/or buildings and in a comparable location;
- (vi) each of the insurance policies is in the joint names of the Borrower and the Security Trustee;
- (vii) in respect of the Property, there is in place a sixty month period aggregate loss of rent insurance;
- (viii) it is the named insured under a group employers liability policy in an adequate amount; and
- (ix) it is the named insured under group and other insurance policies in respect of such risks as are usually covered by a reasonably prudent owner and operator of properties similar to the Property situated close to major cities in the United Kingdom;

(q) each Obligor is in compliance in all material respects with all applicable laws and contracts relating to the pension schemes (if any) for the time being operated by it or in which it participates and each such pension scheme is adequately funded based on reasonable actuarial assumptions and recommendations and as required by law or, in the case of any scheme which is a money purchase scheme, ensure that the scheme is maintained in accordance with its terms and, no company in the ITCGL Group, and no Obligor, is under any obligations to make any payment to or contribute to or operate any occupational pension scheme (other than a scheme providing money purchase benefits only), whether immediately or in the future; and

- (r)
- (i) all information provided by the Borrower or on its behalf to Cushman & Wakefield (the “Valuer”) for the purposes of the most recent valuation of the Property was true, complete and accurate as at its date;
 - (ii) so far as it is aware after all due enquiry, that information did not omit any information which, if disclosed, would have materially and adversely affected the valuation of the Property;
 - (iii) having made all reasonable enquiries and consulted with the Valuer, nothing has occurred since the date the information was provided which, if it had occurred prior to the valuation of the Property and been disclosed to the Valuer, might have adversely affected that valuation; and
 - (iv) the description of the Property detailed in the Security Trust Deed is true and accurate as at the Third Issue Closing Date.

Other than those set out in paragraphs (b), (f) and (o) above, the representations to be given on the Third Issue Closing Date will be repeated on each Loan Payment Date and on the date on which any advance under a Further Term Advance (as defined in the Issuer/Borrower Facility Agreement) is made, by reference to the facts and circumstances then existing.

Covenants

Under the terms of the Issuer/Borrower Facility Agreement, the Borrower (and, to the extent indicated below, the Parent and Intermediate Holdings) has agreed to conduct its future operations and business subject to the following covenants:

- (a) Permitted Disposals:

Each of the Borrower, the Parent and Intermediate Holdings covenants with the Security Trustee that it will not, by one or more transactions or series of transactions (whether related or not and whether involuntarily or voluntarily) sell, transfer, grant or (save as expressly permitted by the terms of the Issuer/Borrower Facility Agreement) lease or otherwise dispose of the whole or any part of or any interest in its revenues, assets, business or undertaking other than a Permitted Disposal.

“**Permitted Disposal**” means, in relation to the Borrower, any of the following:

- (i) disposals of obsolete or redundant plant and equipment not required for the efficient operation of its business or other plant or equipment which is immediately replaced with similar plant or equipment of at least the same quality and value on arm’s length terms;
- (ii) disposals of assets or any Permitted Business (not being all or any part of the Charged Assets);
- (iii) any other disposal consented to by the Security Trustee;
- (iv) any lease or licence of assets made in the ordinary course of business, provided that the term of such lease or licence shall not exceed five years, without the consent of the Security Trustee (unless it comprises a Lease which complies with the Leasing Parameters or in respect of which a Leasing Certificate has been issued as set out below);
- (v) any sale or series of related sales of assets on arm’s length terms where the entire proceeds of such sale or related series of sales do not exceed £50,000;

- (vi) accepting the surrender of any Lease in accordance with the terms of the Issuer/Borrower Facility Agreement and the relevant Lease; or
 - (vii) making a Permitted Payment.
- (b) Mergers and Acquisitions:

The Parent will covenant not to acquire any assets or business or make any investments.

The Borrower, however, will be permitted to make acquisitions and investments (each, a “**Permitted Acquisition**”) provided that the Security Trustee is satisfied that the following conditions are met:

- (i) the Permitted Acquisition is financed independently of the Obligors by a newly formed holding or subsidiary company of the Parent and the financiers thereof only take fixed and floating security in respect of such company;
- (ii) the Permitted Acquisition is financed out of a Further Term Advance or New Term Advance (as defined in the Issuer/Borrower Facility Agreement) or Third Party Loan and the net issue proceeds are utilised to acquire a Permitted Business; or
- (iii) the Permitted Acquisition is of a Permitted Business and is financed out of the Borrower’s excess available cash including cash made available by or via ITCGL.

In addition, no Permitted Acquisition may be made in respect of an Excluded Development (as defined below). The Obligors will each also covenant not to create any subsidiaries or enter into any joint venture for the purpose of holding title to a property (other than in relation to certain Permitted Transactions).

For these purposes:

“**Permitted Transaction**” means:

- (i) the making by the Borrower of any loan to any member of the ITCGL Group;
- (ii) the acquisition of or investment in a Permitted Business by an Obligor provided that the Security Trustee is satisfied that the acquisition is to be funded (A) out of available cash or (B) out of the proceeds of a Further Term Advance or a Third Party Loan and (C) in each such case, the Security Trustee receives a certificate of title in relation to any land or property acquired, leased or licensed by the Obligors as a result thereof and is granted such security interests in respect of the same as it may reasonably require;
- (iii) the carrying out of a Development permitted by the terms of the Issuer/Borrower Facility Agreement;
- (iv) the incurring of any Financial Indebtedness (other than Finance Leases) (as defined in the Issuer/Borrower Facility Agreement) made available on arm’s length terms in the ordinary course of business not exceeding in aggregate at any one time £5,000,000; and/or
- (v) the entering into of Finance Leases or hire purchase agreements in the ordinary course of business the aggregate maximum value of which, calculated in accordance with generally accepted accounting principles, may not exceed a total of £5,000,000 at any one time (increased at the beginning of each financial year by the percentage increase, if any, in the retail prices index in relation to the financial year of the Borrower which has just ended relative to the preceding financial year).

Each of the Borrower, the Parent and Intermediate Holdings will also covenant not, without the consent of the Issuer and the Security Trustee, to enter into any amalgamation, demerger, merger or reorganisation.

(c) Other restrictions on activities:

Save for Permitted Transactions, the Obligors will also be restricted from making loans outside of the Borrowing Group or to any third party.

(d) Property covenants and Leasing and Re-leasing criteria:

The Borrower will give covenants in respect of its management of the Property, developments at the Property and any new leases in respect of the Property (other than Mandatory Leases and leases in respect of Excluded Space) (each a “**New Lease**”) or, as applicable, in respect of leases existing, or leases granted pursuant to agreements for lease existing, on the Original Closing Date (each an “**Existing Lease**” and, together with New Leases, “**Leases**”) including the following covenants:

- (i) to maintain the Property as a retail centre with such leisure facilities and such ancillary food and beverage and other facilities as are appropriate having regard to its type and location;
- (ii) to ensure that the Property is managed to the standard of a prudent manager of property of the same sort as the Property in accordance with principles of good estate management;
- (iii) subject to paragraph (ii) above, to ensure that the Property is managed at all times by the Borrower or, at its discretion, another suitably experienced and prudent manager of property;
- (iv) to manage the Property with a view to maximising the long term rental income and the long term capital value of the Property;
- (v) subject to market conditions, not to:
 - (A) vary any Existing Leases if such variation would result in them not meeting the Leasing Parameters (other than Mandatory Leases (as defined below) and other than in respect of Excluded Space); or
 - (B) enter into any New Leases that do not meet the Leasing Parameters, unless a Leasing Certificate in respect of the same is delivered to the Security Trustee;
- (vi) to use all reasonable endeavours to maintain anchor tenants of a type, quality, size and number suitable to the nature and location of the Property and have regard to this obligation when considering whether to accept surrenders of any Leases to any anchor tenants and selecting new tenants and negotiating the terms of New Leases for any space previously occupied by an anchor tenant;
- (vii) the Leasing Parameters may be varied from time to time by the Borrower with the written consent of the Security Trustee if the Rating Agencies confirm that such variation will not give rise to a Rating Event;
- (viii) not to enter into any letting, licensing or similar arrangement (other than a Mandatory Lease) in respect of any automated teller machines which does not contain the provisions set out in items (e) and (f) of the definition of Leasing Parameters;

- (ix) if the Borrower chooses to accept a surrender of any premises in the Property, to do so only on arms' length terms and unless Debt Service Cover Ratio at such time is at least 1.3:1 (excluding the Rental Income that would have been payable under the surrendered Lease), to deposit any compensation, premium or other payment whatsoever received from the relevant Tenant in connection with the surrender in the Surrender Account. Funds may be withdrawn from the Surrender Account only if one of the following conditions is met:
 - (A) the money withdrawn is to be used for any combination of the following purposes:
 - (aa) to carry out a Development; or
 - (bb) to facilitate the re-leasing of any premises within the Property;
 - (B) when a New Lease (or New Leases) is (or are) entered into in respect of the premises which were subject to the surrendered Lease on terms which are (subject to then prevailing market conditions) reasonably equivalent to those of the surrendered Lease; or
 - (C) if, following such withdrawal, Debt Service Cover Ratio of at least 1.3:1 will be maintained;
- (x) not to carry out or allow any Development at the Property unless the requirements set out in paragraphs (A), (B) and (C) below are satisfied:
 - (A) such Development is financed by one or a combination of the following:
 - (aa) the Tenants;
 - (bb) existing excess cashflows from the Property or reserves available to the Borrower for such purposes in accordance with the Priorities of Payments and the terms of the Relevant Documents;
 - (cc) to the extent permitted by the above provisions, the Surrender Account;
 - (dd) third parties (including members of the ITCGL Group other than the Borrowing Group) who (if creditors of the Borrower) agree to be subordinated to all payments due under the Issuer/Borrower Facility Agreement and who enter into and agree to be bound by the provisions of the Security Trust Deed; or
 - (ee) Third Party Loans or New Term Facilities;
 - (B) for the duration of the period required to fully implement such Development:
 - (aa) Debt Service Cover Ratio is (and, in the reasonable opinion of the directors of the Borrower, will be) at least 1.4:1 the determination of which will take account of any resulting abatement or other non-payment of rent from premises to which the Development relates or which are affected by the Development; or
 - (bb) such arrangements (which may include depositing additional funds in the Rent Account) are put in place to:
 - (1) protect against any short term shortfalls in income that may arise as a result of the Development; and

- (2) ensure that the Rating Agencies confirm that a Rating Event would not occur as a result of such Development; and
- (C) where such Development is a Major Development (as defined below), the directors of the Borrower issue a Certificate of Expediency (as defined in the Issuer/Borrower Facility Agreement) to the Security Trustee certifying, *inter alia*, that in their opinion, such Development is in the best interests of the Noteholders;
- (xi) notwithstanding any other provision of the Issuer/Borrower Facility Agreement, not to extend the Centre (including any car parks or other ancillary facilities associated with it) onto any land not comprised in the Property (or otherwise owned by the Borrower) (an “**Excluded Development**”) unless the Rating Agencies confirm in writing that a Rating Event would not occur as a result thereof; and
- (xii) the total area that may be leased to the Borrower and/or any other member of the ITCGL Group may not exceed more than 1.5 per cent. of the total lettable area within the Property (excluding the petrol filling station);
- (xiii) any Lease of premises within the Property to the Borrower or any other member of the ITCGL Group (with certain agreed exceptions) must be on arms’ length terms; or
- (xiv) any guarantee or other assurance in respect of Rental Income under any Lease is assigned by way of security to the Issuer immediately upon that guarantee or assurance being granted.

For these purposes:

“**Development**” means material new structures, material changes to existing structures, material refits, material redesigns, material reconfigurations of units and other material developments to or at the Property, any premises (including common parts) within the Property or any other area within or outside the Property.

“**Excluded Space**” means space within the Property let or licensed for use as ATMs, barrows, telecom cell sites and other facilities in the common parts, provided that the portion of lettable space in the Property which is Excluded Space shall be no more than 1.5 per cent. of the total lettable space in the Property.

“**Leasing Certificate**” means a certificate signed by two directors of the Borrower certifying that in their opinion a departure from the Leasing Parameters will not constitute a Relevant Material Adverse Effect.

“**Leasing Parameters**” will cover, *inter alia*, the following areas:

- (a) upwards only rent reviews;
- (b) full internal repairing covenants on tenants;
- (c) obligation on each Tenant to pay service charge;
- (d) obligation on each Tenant to insure or bear the cost of insurance for the space provided;
- (e) no assignment of part and assignment of whole only with the Borrower’s consent; and
- (f) no ability on the part of the Tenant to make structural alterations without the consent of the Borrower.

“**Major Development**” means any Development which relates to or affects premises within the Property subject to Leases which, at the relevant time, together reserve 10 per cent. (or more) of the total Rental Income reserved by all the Leases then existing.

“**Mandatory Lease**” means a New Lease granted after the Original Closing Date pursuant to a contractual obligation or option granted to a Tenant which exists on the Original Closing Date, pursuant to a statutory obligation arising at any time or pursuant to lease renewal negotiations where the Tenant has a right to a New Lease under statute and the New Lease actually granted is on terms (except terms as to rent) which are no less advantageous (unless imposed by law) to the Borrower than the Lease being renewed.

“**Relevant Material Adverse Effect**” means an effect likely to be materially adverse to:

- (a) the value of the assets or income of the Borrower relative to its obligations under the Relevant Documents; or
 - (b) the ability of the Borrower to perform its obligations under the Relevant Documents.
- (e) Permitted Payments:

The Borrower will covenant that, unless otherwise provided in the Relevant Documents, the Borrower may only:

- (i) pay or declare a dividend or make any other form of distribution (whether by way of loan or otherwise) in respect of the redemption, reduction or purchase (whether in whole or in part) in respect of any class of its shares held by another member of the ITCGL Group;
- (ii) make a loan to any member of the ITCGL Group on a subordinated and unsecured basis;
- (iii) purchase, reduce, repay or redeem (whether in whole or in part) of any class of its share capital;
- (iv) fund Permitted Transactions;
- (v) the making of any payment by the Borrower in the ordinary course of its business; or
- (vi) the repayment of any subordinated loan to Peel Holdings,

(each being a “**Permitted Payment**”), provided that:

- (a) no Loan Event of Default has occurred and is subsisting or would occur as a result of any such action by it; and
- (b) any distributions are made from any surplus moneys released to the Borrower in accordance with the Relevant Documents.

- (f) Further financial indebtedness:

Each of the Issuer and the Security Trustee will agree that the Borrower shall be permitted to incur financial indebtedness (other than Third Party Loans) (“**Permitted Financial Indebtedness**”) which falls within one of the following categories:

- (a) Financial Indebtedness outstanding pursuant to the Issuer/Borrower Facility Agreement;
- (b) subordinated loans made by a member of the Excluded Group to the Borrower where the terms of the subordination and the enforcement rights of the relevant lender have been approved by the Security Trustee;

- (c) subordinated loans made by a member of the Excluded Group to the Borrower which are outstanding at the date of the Issuer/Borrower Facility Agreement;
- (d) Financial Indebtedness incurred in accordance with the provisions of the Issuer/Borrower Facility Agreement relating to Permitted Acquisitions;
- (e) any Financial Indebtedness outstanding under any Finance Lease, provided that the total amount of such Financial Indebtedness may not at any time exceed £5,000,000 (increased at the beginning of each financial year by the percentage increase in the retail prices index in relation to the financial year of the Borrower which has just ended relative to the preceding financial year);
- (f) Financial Indebtedness which is:
 - (A) unsecured and subordinated; and
 - (B) provided by a third party which accedes to the terms of the Security Trust Deed (amended as required by the Rating Agencies or the Security Trustee as a result of such accession and/or subject to confirmation that the same will not result in the occurrence of a Rating Event) pursuant to which it will agree to be subordinated to the Issuer/Borrower Facility; or
- (g) Financial Indebtedness incurred with the consent of the Security Trustee; or
- (h) (i) any share capital which is issued by any Obligor on terms that it is redeemable or is subsequently redeemed as a means of paying proceeds to the relevant shareholder or (ii) any share capital which is issued by any Obligor and which could later be repaid (in whole or in part) as a means of paying proceeds to the relevant shareholder.
- (g) Reserve Accounts:

On the Original Closing Date, the Borrower deposited in the Primary Reserve Account the sum of £15,000,000. The Primary Reserve Account is charged in favour of the Security Trustee pursuant to the Security Trust Deed.

Sums standing to the credit of the Primary Reserve Account and/or the Secondary Reserve Account may be applied to meet any Debt Service shortfalls of the Borrower under the Issuer/Borrower Facility Agreement.

The Borrower will be obliged to request a withdrawal of funds from both the Primary Reserve Account and the Secondary Reserve Account prior to requesting the Issuer to make a drawing under the Liquidity Facility Agreement.

The Issuer/Borrower Facility Agreement and/or the Security Trust Deed will provide that a withdrawal from the Primary Reserve Account will result in:

- (i) (unless the Security Trustee otherwise agrees) the Property Adviser being appointed (provided a suitable person is found willing to accept the appointment) and carrying out a review of the business and the management of the Property and making his/her suggestions on how to alter the management of the Property (if appropriate);
- (ii) the application of monies, in accordance with the Borrower Pre-Enforcement Pre-Acceleration Priority of Payments, sufficient to take the credit balance in the Primary Reserve Account to the Reserve Account Required Level; and

- (iii) a trapping in the Secondary Reserve Account of all funds available to the Borrower in excess of its requirements to pay interest and scheduled amounts of principal and amounts ranking in priority to or *pari passu* therewith, until such time as the Borrower achieves a Debt Service Cover Ratio of at least 1.1:1. The Secondary Reserve Account is charged in favour of the Security Trustee pursuant to the Security Trust Deed.

In February 2004, the aggregate rents reserved by all then subsisting Leases (excluding turnover rent and similar sums) exceeded £55,000,000 per annum. Pursuant to the Security Trust Deed, the amount required to be maintained by the Borrower in the Primary Reserve Account was thus reduced to £5,000,000 and the excess has been withdrawn by the Borrower.

For these purposes:

“**Debt Service**” means, in respect of any relevant period of 12 calendar months, the aggregate of all interest charges (in the case of the Floating Rate Term Loans at the fixed rate set out in the Interest Rate Cap Agreement plus the applicable margin and the Loan Interest Rate Swap Agreement plus the applicable margin) and principal repayments (if any) which accrued during such period (whether or not paid) and any other amounts due and payable pursuant to the Issuer/Borrower Facility Agreement, the Loan Interest Rate Swap Agreement, the Security Trust Deed and any other Relevant Document and/or any other Financial Indebtedness which the Borrower may assume from time to time and which was payable in the relevant period, but excluding principal repayments in an amount equal to the balance standing to the credit of the Secondary Reserve Account.

“**Debt Service Cover Ratio**” means the ratio, for the relevant period of 12 calendar months, of (i) Rental Income and advertising income derived from the Centre (to the extent the same has been received) and earnings accrued on the Borrower Accounts and the Eligible Investments (other than interest accrued on the Secondary Reserve Account) during that period less any costs incurred in respect of the operation of the Centre and not reimbursed by Service Charges and Tax to (ii) Debt Service.

“**Financial Indebtedness**” means, in relation to the Borrower, Parent or Intermediate Holdings, at any time, any indebtedness incurred in respect of:

- (a) the principal amount, and the capitalised element (if any), of money borrowed or raised and debit balances at banks and premiums if any and capitalised interest in respect thereof (provided that for the purpose of calculating the amount of Financial Indebtedness this shall be calculated on a net basis where the debit balances are subject to a clearing bank’s standard terms for netting accounts);
- (b) the principal and premiums (if any) and capitalised interest in respect of any debenture, bond note, loan stock or similar debt instrument;
- (c) liabilities in respect of any letter of credit, standby letter of credit, acceptance credit, bill discounting or note purchase facility and any receivables purchase, factoring or discounting arrangements (provided that for the purposes of calculating the amount of Financial Indebtedness any obligations in respect of a letter of credit or standby letter of credit shall not be included unless the Borrower, Parent or Intermediate Holdings (as applicable) is in default of its obligations to the Issuer under such letter of credit or standby letter of credit);
- (d) rental or hire payments under any Finance Lease;

- (e) the deferred purchase price of assets or services save for:
 - (i) any such arrangement entered into in the ordinary course of business and having a term not exceeding 180 days from the date on which the liability was originally incurred; and
 - (ii) where the instrument creating the indebtedness is entered into in the ordinary course of business and the deferred purchase price in respect of assets or services is expressed to be payable in instalments or where the relevant amount is a retention of payment by the Borrower, Parent or Intermediate Holdings (as applicable) to ensure performance of obligations owed to it;
- (f) liabilities in respect of any foreign exchange agreement (other than foreign exchange agreements for spot delivery or entered into bona fide to hedge exposure in the ordinary course of trade of the Borrower, Parent or Intermediate Holdings), currency swap or interest purchase or swap or other derivative transactions or similar arrangements, provided that to the extent that the relevant contract provides for net payments to be made the amount of Financial Indebtedness shall be the net amount due or the net exposure thereunder (being the amount payable by the party liable thereunder on termination or closing out of such arrangements determined on a mark to market basis);
- (g) all obligations to purchase, redeem, retire, or otherwise acquire for value any share capital of any person or any warrants, rights or options to acquire such share capital in respect of transactions which in each such case have the commercial effect of borrowing or which otherwise finance its or the Borrower's, Parent's or Intermediate Holdings' (as applicable) operations or capital requirements;
- (h) any other transactions having the commercial effect of borrowing entered into by the Borrower, Parent or Intermediate Holdings (as applicable); and
- (i) all financial indebtedness of other persons of the kinds referred to in paragraphs (a) to (h) above guaranteed or indemnified directly or indirectly in any manner by the Borrower, Parent or Intermediate Holdings (as applicable) or having the commercial effect of being guaranteed or indemnified directly or indirectly by the Borrower, Parent or Intermediate Holdings (as applicable);

“**Rental Income**” means the aggregate of all amounts (exclusive of VAT in respect of the same and Service Charges and VAT in respect of the same) payable and paid to or for the benefit or account of the Borrower under the terms of any Lease or Agreement for Lease, including (without duplication or limiting the generality of the foregoing) each of the following amounts so payable:

- (a) rent (and any amount equivalent thereto) payable under the same, whether variable or not and however described, reserved or made payable;
- (b) the proceeds of a loss of rent insurance claim;
- (c) any increase of rent payable by virtue of an offer falling within the proviso of Section 3(1) of the Landlord and Tenant Act 1927;
- (d) any rent payable by virtue of a determination made by the Court under Section 24(A) of the Landlord and Tenant Act 1954;

- (e) any sum properly received from any deposit held as security for performance of a Tenant's obligations for payment of rent;
- (f) interest payable by a Tenant for the late payment of rent or any compensation or settlement payable in respect of some;
- (g) any profits awarded or agreed to be payable as a result of any proceedings taken or claim made for rent;
- (h) any damages, compensation, settlement or expenses for or representing loss of rent or interest thereon awarded or agreed to be payable as a result of any proceedings taken or claim made for the same, net of any costs, fees and expenses paid (and which have not been reimbursed to and which are not recoverable by the Borrower from any party) in furtherance of such proceedings so taken or claim so made; and
- (i) any sum payable by any guarantor of any Tenant under any Lease in respect of rent.

“**Service Charges**” means all amounts (exclusive of VAT in respect of the same) payable to or for the benefit or account of the Borrower under the terms of any Lease and/or otherwise in connection with the reimbursement to the Borrower by the Tenants of the costs of managing and operating the Property (or any part thereof), including (without duplication or limiting the generality of the foregoing) each of the following:

- (a) sums paid for or in respect of the provision of services, including (without limitation) the repair, maintenance, renewal or operation of the Property;
- (b) amounts paid by Tenants in respect of premiums for the insurances effected by the Borrower in respect of the Property;
- (c) the costs incurred by the Borrower in promoting the Property (to the extent that the same are recovered from the Tenants);
- (d) sums payable to the Borrower in respect of management fees.

“**Tax**” means all taxes, levies, duties, imposts, charges and withholdings of any nature whatsoever imposed by any governmental or regulatory authority, body or instrumentality, including (without limitation) taxes on gross or net income, profits or gains and taxes on receipts, sales, use, occupation, franchise, *ad valorem*, transfer, acquisitions, value added and personal property, together with all penalties, charges, additions to tax and interest relating to any of them paid or payable by the Borrower and which is attributable to the period for which the same is being measured.

- (h) The Property Adviser:

The Issuer/Borrower Facility Agreement will provide that if on any date any money standing to the credit of the Primary Reserve Account is withdrawn (the “**Reserve Account Drawdown Date**”) then, unless otherwise agreed by the Security Trustee, the Borrower will be required to use best endeavours to appoint a property adviser (the “**Property Adviser**”) acceptable to the Security Trustee provided that a suitable person willing to accept the appointment can be found. If the Borrower fails to appoint such an adviser within 21 days of the Reserve Account Drawdown Date then (unless the Security Trustee has agreed that such appointment need not be made) the Security Trustee will be entitled to appoint one on its behalf.

The Property Adviser will be required to prepare a report (a “**Property Report**”) advising the Borrower in relation to, *inter alia*, management and letting matters, capital investment in the Property and strategic business matters.

The Property Adviser may deliver additional Property Reports at its discretion and may modify or revoke prior recommendations made by it.

The terms of appointment of the Property Adviser will include provisions to the effect that:

- (i) the standard of care required of him/her will be the standard of care which would be required if it were the administrative receiver of the appointing company (that is, the Borrower); and
- (ii) the Property Adviser, in forming his/her recommendations, will owe a duty of care to the Security Trustee and the Borrower and will be required to act in accordance with the long-term interests (bearing in mind the need to ensure timely payment of interest amounts and timely repayment of principal due in respect of the Notes other than in respect of the Class D1(N) Notes where the Property Adviser will look to the ultimate repayment of principal due in respect of such Class D1(N) Notes) of the holders of the Notes taken as a whole.

The Security Trust Deed provides that the proper and reasonable fees and expenses of the Property Adviser (including the proper and reasonable fees and expenses of any experts consulted by it) will be payable by the Borrower and that such fees and expenses are to be paid in priority to payments on the Notes. The Issuer/Borrower Facility Agreement provides that neither the Property Adviser nor any of its affiliates is to have any opportunity to benefit from any disposal or letting of the Charged Assets.

Failure by any of the Obligors to comply or to procure compliance with any recommendation given to it by the Property Adviser in any material respect within such reasonable time specified in such recommendation or failure by an Obligor to consult with the Property Adviser when required to do so will constitute a Loan Event of Default.

- (i) Insurance Covenants:

If the Borrower makes a claim under the buildings’ insurance in respect of the Property for an amount in excess of £25,000 (a “**Property Insurance Claim**”), the Obligors will be obliged to credit the proceeds of the Property Insurance Claim to a Borrower Account (a “**Property Insurance Account**”). If the Leases of the affected area so require, the proceeds will be applied (and may be withdrawn from the Property Insurance Account) to replace or reinstate the damaged property or buildings which form the subject of the Property Insurance Claim. Where the Borrower applies such proceeds to replace or reinstate the relevant damage, the Borrower will be obliged to:

- (a) inform the Security Trustee in writing and in reasonable detail of its plans to replace or reinstate the damaged property or buildings, including timetables, plans, planning matters and matters relating to contractors (a “**Reconstruction Plan**”);
- (b) provide such evidence to the Security Trustee as the Security Trustee may reasonably require that the amount of the proceeds or other available resources will be sufficient to implement the Reconstruction Plan; and
- (c) subsequently, provide details of the progress made in implementing the relevant Reconstruction Plan, any anticipated delays or changes (including changes to the costs of

the same) and any other information concerning the Reconstruction Plan which the Security Trustee may reasonably require:

- (i) at six monthly intervals during the implementation of the Reconstruction Plan commencing at the time at which the relevant Property Insurance Claim is made;
- (ii) following receipt of all or any part of any payment in respect of the relevant Property Insurance Claim; and
- (iii) at such other times as the Security Trustee may reasonably require.

If all the Leases of the affected area do not (or no longer) require the proceeds of the Property Insurance Claim to be applied to replace or reinstate the damaged property or buildings the subject of the Property Insurance Claim, the Security Trustee may by notice in writing to the Borrower require the Borrower to apply the proceeds of the relevant Property Insurance Claim to prepay the Term Facilities to the extent of such proceeds in such manner as the Borrower (failing which the Security Trustee) may elect and the proceeds may then be withdrawn from the Property Insurance Account for this purpose.

(j) Pensions:

The Borrower shall not operate nor agree to assume obligations generally in respect of any occupational benefit scheme.

(k) Further Covenants:

The Borrower also provides the Security Trustee with the benefit of certain other positive and negative covenants including, without limitation, covenants relating to notification of events of default, notification of litigation or administrative proceedings, general repair and maintenance of all of its assets, conduct of business and maintenance of business as a going concern. The Security Trustee will not be responsible for monitoring the Borrower's compliance with such covenants (including the financial information produced by the Borrower from time to time), but it will be entitled to rely on a certificate of compliance issued by the Borrower itself.

The Borrower will covenant to provide the Note Trustee, the Rating Agencies and the Security Trustee with copies of its audited annual financial statements in respect of each of its financial years, setting out, *inter alia*, its consolidated balance sheet, consolidated profit and loss account and consolidated cash flow statement.

The Borrower will be required to pay additional amounts to the Issuer if withholding tax is imposed on any payments to the Issuer under the Issuer/Borrower Facility Agreement.

Loan Events of Default

The Issuer/Borrower Facility Agreement contains certain events that may lead to a default and acceleration of amounts outstanding for a full recourse facility of its nature (each a "**Loan Event of Default**"). These include events for non-payment, breach of covenant, misrepresentation, insolvency of any member of the Borrowing Group and a cross-acceleration provision in respect of members of the Borrowing Group. In addition, a Note Event of Default will constitute a Loan Event of Default.

Where the Issuer fails to receive all or part of a payment due under the Issuer/Borrower Facility Agreement on a particular Loan Payment Date, the Issuer will be entitled to drawdown under the Liquidity Facility Agreement in order to pay any of the items specified in paragraphs (a) to (g) inclusive of the Issuer Pre-Enforcement Priority of Payments (although the amount available for drawing under the Liquidity Facility Agreement in respect of interest but not principal on the Class D1(N) Notes and

the Third Issue Class D3 Notes and interest and principal on the Class D2 Notes under item (g) will be limited to £15,000,000). The amount drawn down under the Liquidity Facility Agreement may be repaid without penalty on any Liquidity Facility Repayment Date (as defined in the Liquidity Facility) under the Liquidity Facility. The Borrower will be obliged to make payment of an amount equal to the amount drawn down under the Liquidity Facility, together with accrued interest thereon, by the date falling 8 weeks after the date on which the relevant drawing is made. If the Borrower fails to make such payment in full when due, a Loan Event of Default will occur and the Security Trustee will be entitled to apply the acceleration provision of the Issuer/Borrower Facility Agreement. The Security Trust Deed will provide for monies standing to the credit of the Rent Account to be withdrawn to make such payment within the prescribed period. However, it will also be a Loan Event of Default if drawings are requested under the Liquidity Facility on two consecutive Loan Payment Dates.

In respect of other Loan Events of Default, the mere occurrence of the event will not in itself entitle the Security Trustee to accelerate the repayment obligations of the Borrower under the Issuer/Borrower Facility Agreement immediately following the expiry of any applicable grace period. For example, certain breaches of covenant or misrepresentation by the Borrower, the Parent or Intermediate Holdings, if not cured within the relevant grace period, will only be a Loan Event of Default if the Security Trustee determines that the relevant event has or would have a Material Adverse Effect.

The definition of “**Material Adverse Effect**” to be used in the Issuer/Borrower Facility Agreement will be any effect which in the opinion of the Security Trustee:

- (a) is or would be likely to be materially adverse to:
 - (i)
 - (A) the value of the assets of the Borrower, the Parent or Intermediate Holdings; or
 - (B) the value of the assets of the Borrower, the Parent or Intermediate Holdings relative to the aggregate amount outstanding under the Issuer/Borrower Facility Agreement and any other permitted secured Financial Indebtedness of the Borrower at the relevant time; or
 - (ii) the ability of the Borrower to perform in a timely manner any of its obligations in full under any of the Relevant Documents; or
- (b) results or will result in any Relevant Document being not legal, valid and binding or not enforceable against any party thereto or the security over the assets expressed to be secured thereby not being valid or enforceable, as applicable.

Upon the service of a Loan Enforcement Notice (or any other event where the Security Trustee believes the security created by the Security Trust Deed to be threatened or in jeopardy or prejudiced thereby) the Security Trustee may take certain actions, as more fully described in the section entitled “*Overview of Principal Documents – Security Trust Deed*” below.

In each of these circumstances, however, there will not be an automatic event of default under the Notes.

Governing Law

The Issuer/Borrower Facility Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Security Trust Deed

The obligations of the Borrower under the Issuer/Borrower Facility Agreement are secured in favour of the Security Trustee pursuant to a deed of charge and assignment entered into on the Original Closing Date by the Borrower, the Parent, Intermediate Holdings, the Issuer, the Interest Rate Hedge Provider, the Account Bank, the Cash Manager and the Security Trustee and supplemented on 6 August 2003 (the “**Original Security Trust Deed**”). On the Second Issue Closing Date, the Borrower entered into a supplemental security trust deed (the “**Second Issue Security Trust Deed**”) and on the Third Issue Closing Date, the Borrower will enter into a further supplemental security trust deed (the “**Third Issue Security Trust Deed**”) and, together with the Original Security Trust Deed as supplemented by the Second Issue Security Trust Deed, the “**Security Trust Deed**”), pursuant to which, *inter alia*, the Borrower Priorities of Payments will be amended.

Under the terms of the Original Security Trust Deed, the Borrower has granted the following security to the Security Trustee who holds such security on trust for the benefit of itself, the Issuer and any receiver appointed under the Security Trust Deed, the Account Bank, each Property Adviser and the other creditors of the Borrower (the “**Secured Parties**”) with the benefit of, *inter alia*, the following security (the “**Charged Property**”):

- (a) a first legal mortgage of the Property;
- (b) a first fixed charge over the Borrower’s interest in the Leases (including agreements for lease in respect of Leases which have not yet been completed);
- (c) an assignment by way of security of the rent payable under the Leases;
- (d) an assignment by way of security of all insurance policies connected with the Property;
- (e) an assignment by way of first fixed security of all rights, title, interest in, to and under the Relevant Documents to which it is a party;
- (f) an assignment by way of first fixed security of all operating bank accounts connected with the Centre, including the Collection Account, the Rent Account, the Current Account, the Surrender Account, the Property Insurance Account and the Permitted Accounts (as defined in the Security Trust Deed) (although the charges over the Current Account, the Surrender Account and the Permitted Accounts (as defined in the Security Trust Deed) are likely to take effect as floating charges only);
- (g) an assignment by way of first fixed security of the Primary Reserve Account and the Secondary Reserve Account;
- (h) an assignment by way of first fixed security of all rights, title, interest and benefit, present and future, of the Borrower in and to all Eligible Investments purchased using money standing to the credit of the accounts described in (f) and (g) above; and
- (i) a first floating charge over the whole of its assets and undertaking not effectively charged by first ranking fixed security (subject to any prohibition on charging in respect of any contracts and agreements, statutory licences, consents and authorisations).

Under the terms of the Original Security Trust Deed, as collateral security for the Borrower’s obligations under the Issuer/Borrower Facility Agreement, the Parent granted to the Security Trustee fixed and floating charges over all of its property, undertaking and assets including a first equitable mortgage over the shares of the Borrower and the Issuer, and Intermediate Holdings granted to the Security Trustee a first fixed equitable mortgage over the entire issued share capital of the Parent and fixed and floating

charges over all of its property, undertaking and assets. No security is granted by ITCGL over the A Preference Shares it holds in the Borrower.

The Security Trustee will permit the Borrower to request the Security Trustee to release parts of the Property from the security created over the same by the Security Trust Deed where such release is required in connection with the arrangement by the Borrower of third party finance for the development of the same. Such release of security will be subject to certain conditions precedent which will include rating affirmation and the entry into by the relevant third party financiers of such arrangements as to intercreditor matters and in respect of the shared use of the Property as the Rating Agencies may require.

The Borrower, the Parent and Intermediate Holdings have each covenanted in favour of the Security Trustee, broadly, that while any amounts remain due and outstanding under the Issuer/Borrower Facility Agreement it will not take any steps or pursue any action for the purpose of recovering any debts due or owing to it by any member of the Borrowing Group or, as applicable, to petition or procure the petitioning for the winding-up or administration of any member of the Borrowing Group or the appointment of an administrative receiver in respect of any such company.

Each Secured Party (other than the Security Trustee) has agreed (subject as provided in the Security Trust Deed) that it will not take any steps or pursue any action whatsoever for the purpose of recovering any debts owing to it by any member of the Borrowing Group or to apply to the court for an administration order, file documents with the court for the appointment of an administrator or serve a notice of intention to appoint an administrator on any member of the Borrowing Group, petition or procure the petitioning for the winding-up or to make an application for or file papers with the court for administration of any member of the Borrowing Group or the appointment of an administrative or other receiver in respect of any such company. At any time after the amounts outstanding under the Issuer/Borrower Facility Agreement have become due and repayable and the security created by the Security Trust Deed has become enforceable, none of the Secured Parties (other than the Security Trustee) will be entitled to proceed directly against any member of the Borrowing Group or prove in the liquidation or winding-up of any member of the Borrowing Group unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable period of being so bound and such failure is continuing.

The service of a Loan Enforcement Notice, (or the occurrence of any other event where the Security Trustee believes the security created by the Security Trust Deed to be threatened or in jeopardy or prejudiced thereby) will entitle the Security Trustee to serve a notice which will result in the crystallisation of the floating charge contained in the Security Trust Deed over the assets, property and undertaking of the Borrower or the Parent or Intermediate Holdings so as to become fixed charges. The floating charge of the Borrower contained in the Security Trust Deed will automatically crystallise so as to become a fixed charge on the occurrence of, *inter alia*, an insolvency event in relation to the Borrower or relevant Obligor. All monies standing to the credit of all bank accounts of the Borrower may, in either of these circumstances, be withdrawn only with the prior written consent of the Security Trustee.

The Security Trust Deed provides that the Security Trustee shall, subject to the terms thereof, enforce the security constituted by the Security Trust Deed by appointing an administrative receiver in respect of the Borrower, if it has actual notice of (i) an application for the appointment of an administrator in respect of the Borrower, or (ii) the giving of a notice of intention to appoint an administrator in respect of the Borrower, or (iii) the filing of a notice of appointment of an administrator in respect of the Borrower with the court, such appointment of an administrative receiver to take effect no later than the final day by which the appointment must be made in order to prevent an administration proceeding unless, in any such case, to do so would in the opinion of the Security Trustee be materially prejudicial

to the interests of the Noteholders and the Rating Agencies have confirmed that not so appointing an administrative receiver to the Borrower would not have an adverse effect on their then current ratings of any of the Notes.

The Security Trustee shall not be liable for any failure to appoint an administrative receiver in respect of the Borrower save in the case of its own gross negligence, wilful default or fraud.

The Security Trustee will not be obliged to take any action under the Security Trust Deed (including any steps to enforce the security constituted by the Security Trust Deed) unless it is indemnified and/or secured to its satisfaction. However the Security Trust Deed provides that, in the event that the Security Trustee is required to appoint an administrative receiver in any of the circumstances provided above, then the Security Trustee shall agree that it is indemnified and/or secured to its satisfaction in respect of such appointment by virtue of its rights against the Borrower under the Security Trust Deed and the security it has in respect of such rights. The Security Trust Deed provides that, in the event that the Security Trustee appoints an administrative receiver in respect of the Borrower by reason of it having actual notice of (i) an application for the appointment of an administrator in respect of the Borrower, or (ii) the giving of a notice of intention to appoint an administrator in respect of the Borrower, or (iii) the filing of a notice of appointment of an administrator in respect of the Borrower with the court, the Borrower shall waive any claims against the Security Trustee in respect of the appointment of the administrative receiver.

Upon the service of a loan enforcement notice pursuant to the terms of the Issuer/Borrower Facility Agreement (a “**Loan Enforcement Notice**”), all payments under or arising from the Security Trust Deed and the Issuer/Borrower Facility Agreement (subject as provided below) will be required to be made to the Security Trustee or to its order. All rights or remedies provided for by the Security Trust Deed or available at law or in equity will be exercisable by the Security Trustee.

The Security Trust Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

Cash Management Agreement

The cash management agreement, the primary function of which is to set out the provisions under which the Cash Manager makes payments on behalf of the Obligors and the Issuer, was entered into on the Original Closing Date between the Borrower, the Issuer, the Cash Manager, the Account Bank and the Security Trustee (the “**Original Cash Management Agreement**”). On the Second Issue Closing Date, the Original Cash Management Agreement was amended and restated, and further amended pursuant to a deed of amendment dated 26 May 2010 and a deed of agreement dated 2 August 2013 (the “**Second Issue Cash Management Agreement**”), and will be further amended and restated on the Third Issue Closing Date (the “**Third Issue Cash Management Agreement**”, and together with the Original Cash Management Agreement and the Second Issue Cash Management Agreement, the “**Cash Management Agreement**”).

Under the Cash Management Agreement, the Cash Manager has agreed on behalf of the Security Trustee to invest in Eligible Investments, certain funds standing to the credit of the Issuer’s main account (the “**Issuer Account**”).

For these purposes, “**Eligible Investments**” means sterling gilt-edged securities and sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) provided that in all cases such investments have a maturity date falling no later than the next following Interest Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations

of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised bank) are rated A1+/F1+/P1 by the Rating Agencies (or its equivalent) or such other credit ratings as may be approved in writing by the Rating Agencies from time to time.

The Issuer has caused the Cash Manager to provide to the Security Trustee and the Rating Agencies quarterly reports in relation to the Issuer and the cashflows received by it.

To the extent that the Issuer's funds on the relevant Interest Payment Date are sufficient to pay the amounts set out in the relevant Priorities of Payments, such amounts will be paid to the persons entitled thereto or so applied on such Interest Payment Date in accordance with the relevant Priorities of Payments and not accumulated in the Issuer. There is no intention to accumulate surpluses of any material amount in the Issuer.

The Issuer, the Borrower and the Security Trustee, acting jointly, may terminate the appointment of the Cash Manager at any time by giving 30 days' prior written notice to that effect however no such termination shall take effect until a new Cash Manager acceptable to the Security Trustee has been appointed. The appointment of the Cash Manager is terminated automatically upon the Cash Manager defaulting in any payments due under the Cash Management Agreement or upon it becoming bankrupt or insolvent or if the Cash Manager is unable to perform its obligations under the Cash Management Agreement for a period of 180 days following certain specified circumstances beyond its reasonable control.

The Cash Manager may resign at any time by giving the Issuer, the Borrower, the Account Bank, the Parent and the Security Trustee at least 60 days' prior written notice provided that no such resignation shall take effect until a replacement Cash Manager has been appointed. The Issuer, the Borrower and the Parent shall use their best endeavours to appoint a substitute Cash Manager acceptable to the Security Trustee within 60 days of receipt of notice of resignation from the Cash Manager. Thereafter, if no new Cash Manager has been appointed, the Cash Manager may appoint a substitute Cash Manager acceptable to the Security Trustee.

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Issuer Deed of Charge

On the Third Issue Closing Date, the Issuer will enter into a supplemental deed of charge (the "**Third Issue Issuer Deed of Charge**") with, *inter alios*, the Security Trustee pursuant to which, *inter alia*, the Issuer Priorities of Payments will be amended. The Second Issue Issuer Deed of Charge entered into on the Second Issue Closing Date (the "**Second Issue Issuer Deed of Charge**") and the Third Issue Issuer Deed of Charge are supplemental to the Original Issuer Deed of Charge entered into on the Original Closing Date by the Issuer, the Security Trustee, the Note Trustee, the Liquidity Provider, the Interest Rate Hedge Provider, the Agent Bank, the Account Bank, the Cash Manager and the Principal Paying Agent (the "**Original Issuer Deed of Charge**"). The Original Issuer Deed of Charge, as supplemented by the Second Issue Issuer Deed of Charge, as further supplemented by the Third Issue Issuer Deed of Charge, as the same may be amended, varied and/or supplemented are together referred to herein as the "**Issuer Deed of Charge**".

Under the Issuer Deed of Charge, the Issuer has granted the following security (the "**Issuer Security**") in favour of the Security Trustee who holds such security on trust for the benefit of itself, the Note Trustee, the Noteholders and the other creditors of the Issuer (the "**Issuer Secured Parties**"):

- (i) an assignment by way of a first fixed security of its right, title, interest and benefit, present and future, in, to and under the Relevant Documents to which it is a party;
- (ii) a first fixed charge over the monies from time to time standing to the credit of the Issuer Account and the Stand-by Account (which security interests may take effect as a floating charge provided that the Stand-by Account shall not be available following acceleration of the Notes, to the Issuer Secured Parties generally);
- (iii) a first fixed charge over all Eligible Investments permitted to be made by or on behalf of the Issuer (which security interests may take effect as a floating charge); and
- (iv) a first floating charge (ranking behind the claims of certain preferential and other creditors) over substantially all of the property, assets and undertakings of the Issuer not already subject to fixed security,

all as more particularly set out in the Issuer Deed of Charge (the “**Issuer Charged Property**”).

Each of the Issuer Secured Parties (other than the Noteholders, the Note Trustee acting on behalf of the Noteholders and the Security Trustee) have agreed that, unless a Note Enforcement Notice has been served, or the Note Trustee, having become bound to serve a Note Enforcement Notice, fails to do so within 45 days and such failure is continuing, it will not take any steps for the purpose of recovering any debts due or owing to it by the Issuer or to petition or procure the petitioning for the winding-up or administration of the Issuer.

The Issuer Deed of Charge provides that the Security Trustee shall, subject to the terms thereof, enforce the security constituted by the Issuer Deed of Charge by appointing a receiver in respect of the Issuer, if it has actual notice of (i) an application for the appointment of an administrator in respect of the Issuer, (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer or (iii) the filing of a notice of appointment of an administrator in respect of the Issuer with the court, such appointment of a receiver to take effect not later than the final day by which the appointment must be made in order to prevent an administration proceeding unless, in any such case, to do so would in the opinion of the Security Trustee be materially prejudicial to the interests of the Noteholders and the Rating Agencies have confirmed that not so appointing a receiver to the Issuer would not have an adverse effect on their then current ratings of any of the Notes. However, Noteholders should have regard to the risk factor entitled “Administration: the Issuer”.

The Security Trustee shall not be liable for any failure to appoint a receiver in respect of the Issuer save in the case of its own gross negligence, wilful default or fraud.

The Security Trustee will not be obliged to take any action under the Issuer Deed of Charge, including any steps to enforce the security constituted by the Issuer Deed of Charge, unless it is indemnified and/or secured to its satisfaction. However the Issuer Deed of Charge provides that, in the event that the Security Trustee is required to appoint a receiver in any of the circumstances provided above, then the Security Trustee shall agree that it is indemnified and/or secured to its satisfaction in respect of such appointment by virtue of its rights against the Issuer under the Issuer Deed of Charge and the security it has in respect of such rights. The Issuer Deed of Charge will provide that, in the event that the Security Trustee appoints a receiver in respect of the Issuer by reason of it having actual notice of (i) an application for the appointment of an administrator in respect of the Issuer, or (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer, or (iii) the filing of a notice of appointment of an administrator in respect of the Issuer with the court, the Issuer shall waive any claims against the Security Trustee in respect of the appointment of the receiver.

The security created under the Issuer Deed of Charge will become enforceable upon the occurrence of a Note Event of Default (as defined in Condition 9), provided that, if such security has become enforceable otherwise than by reason of a default in payment of any amount due on the Class A Notes (or, after all of the relevant Class A Notes have been redeemed, the Class B Notes and, after the Class B Notes have been redeemed, the Class D Notes), the Security Trustee will not be entitled to dispose of the assets comprising the security or any part thereof unless either a sufficient amount would be realised to allow discharge in full of all amounts owing to the Liquidity Provider, the Class A Noteholders and, once all of the Class A Noteholders have been repaid, the Class B Noteholders and, thereafter, the Class D Noteholders, or the Security Trustee is of the opinion, which shall be binding on the Issuer Secured Parties, reached after consideration at any time and from time to time of the advice of the financial adviser (or such other professional advisers as are at the time selected by the Security Trustee), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Liquidity Provider and the Class A Noteholders (or, once all of the Class A Noteholders have been repaid, the Class B Noteholders or, once all of the relevant Class A Noteholders and all of the Class B Noteholders have been repaid, the Class D Noteholders).

The Issuer Deed of Charge and any non-contractual obligations arising out of or in connection with it are governed by English law.

The Deeds of Tax Covenant

On the Third Issue Closing Date, the Borrower, the Issuer, the Parent, Intermediate Holdings, ITCGL and the Security Trustee will enter into a deed of covenant (the “**Third Issue Deed of Tax Covenant**” and, together with the Earlier Deeds of Tax Covenant, the “**Deeds of Tax Covenant**”), pursuant to which they will make certain representations and covenants in relation to tax matters (including secondary tax liabilities) for the benefit of the Security Trustee.

Representations and covenants in respect of tax matters were also given under the Earlier Deeds of Tax Covenant. Upon execution of the Third Issue Deed of Tax Covenant, the obligations of the parties under the deed of tax covenant dated 11 November 2005 will be released with effect from a specified date, although those parties will remain liable under that earlier deed in respect of events occurring prior to that specified date. Each of the Earlier Deeds of Tax Covenant contain similar release provisions.

RESOURCES AVAILABLE TO THE ISSUER AND THE BORROWER

Liquidity Facility Agreement

The Note Trust Deed contains a covenant requiring the Issuer to maintain a liquidity facility (the “**Liquidity Facility**”) provided by a bank having a rating assigned for its unsecured, unsubordinated and unguaranteed short-term debt obligations of at least A1+ (or its equivalent) by S&P, and F1 by Fitch (and in respect of Fitch, having a rating assigned for its unsecured, unsubordinated and unguaranteed long-term debt obligations of at least A) and P1 by Moody’s, respectively or such other rating as is required to support the relevant rating assigned to the Notes, from time to time, by the Rating Agencies or otherwise acceptable to the Rating Agencies.

On the Original Closing Date the Issuer entered into a liquidity facility agreement (the “**Original Liquidity Facility Agreement**”) with the Liquidity Provider, the Cash Manager and the Security Trustee under which the Liquidity Provider agreed to make available to the Issuer a revolving credit facility (the “**Original Liquidity Facility**”) on the terms set out therein. Under the terms of the Original Liquidity Facility Agreement, the Liquidity Provider provided a 364 day commitment to permit a drawing to be made in a maximum principal amount of £55,000,000.

On the Second Issue Closing Date the Issuer entered into an amended and restated liquidity facility agreement (the “**Second Issue Liquidity Facility Agreement**”) under which the Liquidity Provider agreed to provide an increase of the Original Liquidity Facility up to £80,000,000 (the “**Second Issue Liquidity Facility**”).

On the Third Issue Closing Date the Issuer will enter into an amended and restated liquidity facility agreement (the “**Third Issue Liquidity Facility Agreement**”) and, together with the Original Liquidity Facility Agreement and the Second Issue Liquidity Facility Agreement, the “**Liquidity Facility Agreement**”) under which the Liquidity Provider agreed to provide the Third Issue Liquidity Facility up to £80,000,000 (the “**Third Issue Liquidity Facility**”).

The maximum amount which may be outstanding at any one time under the Liquidity Facility Agreement (as amended on the Third Issue Closing Date) will be £80,000,000. The Liquidity Facility Agreement is a 364-day commitment to lend under which a drawing may be made on any Interest Payment Date in the circumstances set out below. The proceeds of any such drawing will be used to meet the Issuer’s obligations in respect of items (a) to (g) (inclusive) of the Issuer Pre-Enforcement Priority of Payments. However, the aggregate principal amount available to be drawn under the Liquidity Facility Agreement varies according to the items of the Issuer Pre-Enforcement Priority of Payments in respect of which the relevant drawing is applied, as follows:

- (a) in respect of items (a) to (f) of the Issuer Pre-Enforcement Priority of Payments, the maximum initial aggregate amount available to be drawn under the Liquidity Facility Agreement (being £80,000,000 on the Third Issue Closing Date); and
- (b) in respect of item (g) of the Issuer Pre-Enforcement Priority of Payments, an amount not exceeding £15,000,000 (such amount counting towards the £80,000,000 total amount available to be drawn under the Liquidity Facility); and
- (c) in respect of the Third Issue Notes and Class D1(N) Notes, the Liquidity Facility shall only be available to fund shortfalls of interest on such classes of Notes.

Under the terms of the Issuer/Borrower Facility Agreement, the Borrower is obliged to make payments of the amount drawn down under the Liquidity Facility together with interest thereon by the date falling

eight weeks after any such drawing is made into the Issuer Account such that the amount drawn, interest and costs thereon are fully repaid and paid on the next Interest Payment Date. If the Borrower fails to pay any scheduled payment in full when due or a Liquidity Drawing is made on any two consecutive Interest Payment Dates, a Loan Event of Default will occur and the Security Trustee will be entitled to apply the acceleration provisions of the Issuer/Borrower Facility Agreement. Any undrawn amounts of the Liquidity Facility will remain available for drawing on subsequent Interest Payment Dates. Amounts repaid may, subject to the above conditions for drawing, be redrawn. Interest will accrue on any drawing under the Liquidity Facility Agreement at the rate per annum of LIBOR plus an agreed margin. Interest so accrued on drawings will be funded through additional amounts payable pursuant to the Issuer/Borrower Facility Agreement.

On enforcement of the Issuer Deed of Charge, all indebtedness outstanding to the Liquidity Provider under the Liquidity Facility Agreement (other than certain amounts payable in respect of withholding tax gross ups and additional costs) will rank in priority to the Notes.

The Security Trustee and the Cash Manager are authorised to make drawings under the Liquidity Facility on behalf of the Issuer.

The Issuer has agreed (a) in the Note Trust Deed and the Liquidity Facility Agreement that if any party then being a Liquidity Provider ceases to be rated at least A1+ (or its equivalent) by S&P, Fitch or Moody's respectively in relation to short term unsecured, unguaranteed and unsubordinated debt obligations and a rating of A by Fitch in relation to long term unguaranteed, unsubordinated and unsecured debt obligations, or such other short term or long term rating (as applicable) as is required to support the equivalent short term or long term rating (as applicable) assigned to the Notes by the Rating Agencies from time to time or which is otherwise acceptable to the Rating Agencies; or (b) in the Liquidity Facility Agreement that if the Liquidity Provider(s) elect not to renew the facility prior to the end of its term (for the purposes of the election to renew, the Liquidity Provider(s) will only elect to renew if either all parties comprising the Liquidity Provider(s) agree to the extension request or they are able to replace any declining party to the full extent of the declining party's commitment with another bank or financial institution with the requisite ratings) the Issuer (with the consent of the Note Trustee) shall either request (in the case of (a) above) the affected party or (in the case (b) above) all the parties then comprising the Liquidity Provider(s) to make a drawing (a "**Stand-by Drawing**") of (in the case of (a) above) the affected party's commitment or (in the case of (b) above) all commitments then available for drawing under the Liquidity Facility Agreement or appoint another suitably rated replacement to the extent of the relevant Liquidity Provider(s) commitment and place the same in an interest bearing deposit account with a suitably rated institution (the "**Stand-by Account**") so that the same may be drawn upon by the Issuer or the Cash Manager (on behalf of the Issuer) for the same purposes as drawings permitted under the Liquidity Facility Agreement.

If the Borrower at any time is assigned an AAA/Aaa/AAA rating (or its equivalent) by the Rating Agencies in respect of its long-term unsecured, unsubordinated and unguaranteed debt obligations (or its obligations are guaranteed by an entity having such a rating), the Issuer may terminate or transfer the Liquidity Facility and will not be obliged to replace the same at any time thereafter.

The Liquidity Facility Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Interest Rate Hedges

On the Original Closing Date and the Second Issue Closing Date the Issuer and the Borrower entered into certain interest rating hedging arrangements in respect of the Original Notes and the Second Issue

Notes. Neither the Issuer or the Borrower will enter into any hedging arrangements in respect of the Third Issue Notes. However such hedging arrangements are summarised below, since amounts due thereunder rank in order of priority ahead of payments due to Noteholders of the Third Issue Notes (as set out under below under ‘*Borrower Priorities of Payments*’ and ‘*Issuer Priorities of Payments*’).

Interest Rate Hedge — Cap

On the Original Closing Date the Issuer entered into a 1992 ISDA Master Agreement (the “**Interest Rate Cap Agreement**”) with the Interest Rate Hedge Provider and a related confirmation in respect of a cap transaction (the “**Interest Rate Cap Transaction**”) pursuant to which the Interest Rate Hedge Provider pays, on each Interest Payment Date, to the Issuer a sum determined by reference to the amount by which three month sterling LIBOR (calculated in accordance with Condition 4(d)) exceeds the rate of interest specified in the confirmations of the Interest Rate Cap Transaction calculated on the notional principal amount of the Interest Rate Cap Transaction. The Interest Rate Cap Transaction provided hedging for the Class A1(N) Notes and part of the Class A3 Notes.

The Interest Rate Hedge Provider (or its guarantor) has a rating assigned to its short-term unguaranteed, unsubordinated and unsecured debt obligations of at least A1 by S&P, F1+ by Fitch and P1 by Moody’s, and a rating assigned to its long-term unguaranteed, unsubordinated and unsecured debt obligations of at least A by Fitch. If the Interest Rate Hedge Provider’s rating in respect of its short-term unguaranteed, unsubordinated and unsecured debt obligations falls to below A1+ by S&P, F1+ by Fitch and P1 by Moody’s, or its long-term unguaranteed, unsubordinated and unsecured debt obligations of at least A by Fitch or such other short-term or, as the case may be, long-term rating as is required to support the ratings assigned to the Notes by the Rating Agencies from time to time, the Borrower will be obliged to procure a replacement interest rate hedge for the Issuer to enter into with another appropriately rated entity within 14 days of the occurrence of the aforementioned ratings downgrade unless and for so long as no Rating Event would occur as a result of a downgrading of the Interest Rate Hedge Provider. Any costs in relation to procuring a replacement interest rate hedge transaction will be borne by the Borrower.

Similarly, if the Interest Rate Hedge Provider defaults in its obligations under the Interest Rate Cap Agreement resulting in a termination of the Interest Rate Cap Transaction, the Borrower will be obliged to procure a replacement interest rate hedge transaction for the Issuer to enter into with an appropriately rated entity within 45 days of such default unless and for so long as no Rating Event would occur as a result of the Interest Rate Cap Transactions being terminated.

If the Interest Rate Hedge Provider defaults in its obligations under the Interest Rate Cap Agreement, any shortfall in the amount required by the Issuer to meet its obligations under the Notes will be met through a drawing under the Liquidity Facility Agreement (subject to it being available and subject to the limitations thereunder on the amount which may be drawn in respect of the relevant Class D Notes) and the Borrower will be obliged to put the Issuer into funds in the manner described under “Overview of Principal Documents — Issuer/Borrower Facility Agreement — Loan Events of Default”, during the next Interest Period in order to enable the Issuer to repay the drawing under the Liquidity Facility on the next succeeding Interest Payment Date.

Any failure by the Borrower either to procure a replacement interest rate hedge transaction when required to do so or to put the Issuer into funds following a utilisation of the Liquidity Facility will constitute a Loan Event of Default.

The Issuer will not normally be liable to make any payment to the Interest Rate Hedge Provider pursuant to the Interest Rate Cap Transactions (other than any subordinated amounts payable by it under the Interest Rate Cap Agreement).

If, at any time, a long-term unguaranteed, unsubordinated and unsecured rating is assigned to the debt obligations of the Borrower of at least AAA/Aaa (or its equivalent) (or the obligations of the Borrower are guaranteed by an entity having such a rating), the Issuer will be entitled to terminate the Interest Rate Cap Transactions and will not be obliged to replace the same at any time thereafter.

Pursuant to the terms of the Interest Rate Cap Agreement, the Issuer is obliged (in certain circumstances) to refund payments made by the Interest Rate Hedge Provider to the Issuer to compensate the Issuer for any withholdings or similar deductions imposed on payments made by it to the Issuer to the extent that the Issuer actually receives credits for the same. The Issuer's obligations to make such payments under the Interest Rate Cap Agreement are secured pursuant to the Issuer Deed of Charge and such obligations, in the event of the security thereunder being enforced, rank ahead of its obligations under the Notes. The Issuer will be entitled to vary its hedging arrangements at any time subject to the Rating Agencies confirming that no Rating Event will occur as a result.

The Interest Rate Cap Agreement is governed by English law.

Interest Rate Hedge — Class A3 Swap

Class A3 Swap

On the Second Issue Closing Date, the Issuer entered into a 1992 ISDA Master Agreement (the “**Class A3 Swap Agreement**”) with the Class A3 Swap Provider and the Security Trustee and a related confirmation (the “**Class A3 Swap Transaction**”) to mitigate against certain interest rate risks borne by the Issuer in respect of the Class A3 Notes and the Term A3 Facility which are not covered by the Interest Rate Cap Transaction. Pursuant to the Class A3 Swap Transaction, the Issuer is required to pay the Class A3 Swap Provider an amount determined by applying a fixed rate to a notional principal amount in exchange for the Class A3 Swap Provider being required to pay to the Issuer an amount determined by applying a floating rate to that notional principal amount. Such notional principal amount will be set by reference to the principal amount of the Class A3 Notes and the Amortisation Amounts for such Notes as set out in Condition 5 of the Notes.

The Class A3 Swap Transactions may also be terminated by the Issuer and/or the Class A3 Swap Provider, in accordance with Events of Default and Termination Events (each as defined in the Class A3 Swap Agreement). Such events include:

- (i) with respect to both the Issuer and the Class A3 Swap Provider, a failure to pay amounts due under the Class A3 Swap Agreement by any party, the occurrence of certain insolvency related events in relation to any party and if due to a change of law the performance of any party's obligations under the Class A3 Swap Agreement becomes unlawful; and
- (ii) with respect to the Class A3 Swap Provider on, of each of its obligations under the Class A3 Swap Agreement, failure by it or its credit support provider to perform its obligations under a credit support document, a misrepresentation of representations given under the Class A3 Swap Agreement, a default under any other derivative transactions between the Class A3 Swap Provider and the Issuer, and a merger of the Class A3 Swap Provider with another entity with the resulting entity failing to assume all the Class A3 Swap Provider's obligations under the Class A3 Swap Agreement.

The Class A3 Swap Transactions may also be terminated by the Issuer and/or the Class A3 Swap Provider upon the service of a Class A Note Enforcement Notice on the Issuer by the Note Trustee, a redemption in whole of the Class A3 Notes, or a ratings downgrade of the Class A3 Swap Provider.

Upon the redemption in part of the Class A3 Notes, the Class A3 Swap Transaction will be notionally reduced by such provision of the Class A3 Notes redeemed, and a termination payment in respect of such notional reduction of the Class A3 Swap Transaction will be due to either the Issuer or the Class A3 Swap Provider.

The Class A3 Swap Provider may, at its own discretion and its own expense, novate the Class A3 Swap Agreement and the Class A3 Swap Transaction thereunder to any third party provided that, among other things, each of the Rating Agencies has confirmed that this would not result in a Rating Event and no additional amount will be payable by the Issuer as a result of such transfer.

Ratings Downgrade

Under the Class A3 Swap Agreement, in the event that the relevant rating(s) of the Class A3 Swap Provider is or are, as applicable, downgraded by a Rating Agency below the ratings specified in the Class A3 Swap Agreement (in accordance with the requirements of the Rating Agencies) for, and, where applicable, as a result of the downgrade, the then current rating of the Class A3 Notes would or may, as applicable, be adversely affected, the Class A3 Swap Provider will, in accordance with the Class A3 Swap Agreement, be required to take certain remedial measures which may include providing collateral for its obligations under the Class A3 Swap Agreement, arranging for its obligations under the Class A3 Swap Agreement to be transferred to an entity with the rating(s) required by the relevant Rating Agency and specified in the Class A3 Swap Agreement (in accordance with any Rating Agency confirmation), procuring another entity with the rating(s) required by the relevant Rating Agency as specified in the Class A3 Swap Agreement (in accordance with any Rating Agency confirmation), to become co-obligor in respect of its obligations under the Class A3 Swap Agreement, or taking such other action as it may agree with the relevant Rating Agency.

A failure by the Class A3 Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Class A3 Swap Transaction.

Swap Agreement Credit Support Annex

Collateral amounts required to be posted by the Class A3 Swap Provider pursuant to the credit support annex forming part of the Class A3 Swap Agreement may be delivered in the form of cash or securities. Cash amounts will be paid into an interest-bearing account in the name of the Issuer held with the Account Bank (the “**Swap Collateral Cash Account**”). Securities will be held by the Issuer in a custody account (the “**Swap Collateral Custody Account**”) maintained by a suitably rated custodian approved by the Security Trustee and subject to Rating Agency confirmation that a Rating Event will not occur as a result thereof.

Amounts equal to any amounts of interest on the credit balance of the Swap Collateral Cash Account, or equal to distributions received on securities held in the Swap Collateral Custody Account, are required to be paid to the Class A3 Swap Provider in accordance with the terms of the credit support annex forming part of the Class A3 Swap Agreement. Any surplus collateral amounts will be paid to the Class A3 Swap Provider in accordance with the terms of the credit support annex forming part of the Class A3 Swap Agreement and the Issuer Deed of Charge. Excess Swap Collateral will be returned directly to the Class A3 Swap Provider and not via the Issuer Priorities of Payments. “**Excess Swap Collateral**” means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by the Class A3 Swap Provider to the Issuer in respect of the Class A3 Swap Provider’s obligations to transfer collateral to the Issuer under the Class A3 Swap Agreement (as a result of the ratings downgrade provisions in the Class A3 Swap Agreement), which is in excess of the Class A3 Swap Provider’s liability to the Issuer under the Class A3 Swap Agreement as at the date of termination of the transaction under the Class A3 Swap Agreement, or which the Class A3 Swap Provider is otherwise entitled to have

returned to it under the terms of the Class A3 Swap Agreement. The obligation of the Issuer in respect of any return of securities posted as collateral pursuant to the credit support annex forming part of the Class A3 Swap Agreement is to return “equivalent securities”. In practice, it is highly unlikely that the Issuer would have available to it any securities other than those posted to it by the Class A3 Swap Provider.

In connection with the sale by the Issuer of any reserve notes to third parties, the Issuer was required to enter into interest rate hedging arrangements under various 1992 ISDA Master Agreements (each a “**Note Interest Rate Swap Agreement**”) with Note Interest Rate Swap Providers having the requisite ratings in relation to such reserve notes, containing similar provisions to the Class A3 Swap Agreement, the Class A3 Swap Transaction and the credit support annex thereunder. Any such Note Interest Rate Swap Provider will become an Issuer Secured Party if it accedes to the terms of the Issuer Deed of Charge pursuant to an accession undertaking in the form set out in the Issuer Deed of Charge.

The Class A3 Swap Agreement is, and any other Note Interest Rate Swap Agreements will be, governed by English law.

Interest Rate Hedge — Term A3 Swap

The Borrower entered into a 1992 ISDA Master Agreement on the Second Issue Closing Date (the “**Term A3 Swap Agreement**”) with the Issuer as Loan Interest Rate Swap Counterparty and the Security Trustee and a related confirmation (the “**Term A3 Swap Transaction**”) to mitigate against certain interest rate risks borne by the Borrower in respect of the Term A3 Facility and its rental income which is not covered by the Interest Rate Cap Transaction. Pursuant to the Term A3 Swap Transaction, the Borrower is required to pay the Issuer an amount determined by applying a fixed rate to a notional principal amount in exchange for the Issuer being required to pay to the Borrower an amount determined by applying a floating rate to that notional principal amount.

Such notional principal amounts and other provisions under the Term A3 Swap Agreement is similar to that of the Class A3 Swap Agreement. The Term A3 Swap Agreement and the Class A3 Swap Agreement are back-to-back swap arrangements, where the payments received by the Issuer under the Class A3 Swap Transaction will be paid to the Borrower under the Term A3 Swap Transaction and the payments received by the Issuer under the Term A3 Swap Transaction will be paid to the Class A3 Swap Provider under the Class A3 Swap Agreement.

In connection with any advances under the Issuer/Borrower Facility Agreement following the sale by the Issuer of any reserve notes to third parties, the Issuer was required to enter into various 1992 ISDA Master Agreements (each a “**Loan Interest Rate Swap Agreement**”) with the Borrower, in conjunction with the entering into of the relevant Note Interest Rate Swap Agreements with the Note Interest Rate Swap Providers. The Loan Interest Rate Swap Agreements will contain similar provisions to the Term A3 Swap Agreement and the Term A3 Swap Transaction.

Bank Accounts of the Borrower

Pursuant to the terms of the Issuer/Borrower Facility Agreement, the Borrower has covenanted to maintain the Collection Account, the Rent Account and the Current Account with the Account Bank under the terms of the bank account agreement entered into on the Original Closing Date between the Borrower, the Account Bank and the Security Trustee (as amended by the deed of amendment dated 26 May 2010 and the deed of agreement dated 2 August 2013 the “**Bank Account Agreement**”).

The Borrower has covenanted to ensure that all rental and other income payable under the Leases and all advertising income derived from the Centre is credited to or deposited in the Collection Account. There will also be credited to the Collection Account amounts received by the Borrower in connection with the

surrender to any person of any tax loss incurred by it (in accordance with the Third Issue Deed of Tax Covenant). The Security Trust Deed provides that all sums standing to the credit of the Collection Account which represent rents paid by Tenants under Leases, interest accrued on the Reserve Accounts and advertising income derived from the Centre (but excluding sums representing value added tax paid by Tenants in respect of such rents, advertising income and/or payments (however called) by Tenants in respect of service charges and similar sums) are transferred to the Rent Account and that all sums other than rent, advertising income and interest accrued on the Reserve Accounts standing to the credit of the Collection Account are transferred to the Current Account. Payments received by the Borrower under any loss of rent insurance policy will also be paid into the Rent Account via the Collection Account.

Pursuant to the terms of the Security Trust Deed, the Borrower has charged its interest in the Collection Account, the Rent Account and the Current Account and all monies from time to time standing to the credit thereof in favour of the Security Trustee to secure, *inter alia*, its obligations under the Issuer/Borrower Facility Agreement (although the security in respect of the Current Account is likely to take effect as a floating charge only). Payments out of the Rent Account and the Collection Account may only be made by the Borrower in accordance with the Security Trust Deed. Prior to the service of a Loan Enforcement Notice the Borrower will make such withdrawals on behalf of the Security Trustee. The Borrower will also operate the Current Account prior to service of a Loan Enforcement Notice, subject to its obligations to apply service charges to meet the costs of the services in respect of which such funds were paid and to account to HM Revenue & Customs in respect of VAT. After the service of a Loan Enforcement Notice, the Account Bank will be entitled to act in relation to the Collection Account, the Rent Account and the Current Account on the instructions of the Security Trustee (and any receiver appointed by it) only, and not on the instructions of the Borrower (unless the Security Trustee otherwise consents).

The Security Trustee authorises the Borrower, under the terms of the Security Trust Deed, to withdraw surplus funds from the Rent Account provided that two directors of the Borrower have certified that no Loan Event of Default or Potential Loan Event of Default has occurred and is continuing.

Pursuant to the terms of the Issuer/Borrower Facility Agreement, on or about the Original Closing Date the Borrower established the Primary Reserve Account and the Secondary Reserve Account and deposited in the Primary Reserve Account the sum of £15,000,000. Under the Issuer/Borrower Facility Agreement, the credit balance required to be maintained in the Primary Reserve Account reduces to £5,000,000 when the aggregate rents reserved by the Leases then subsisting (excluding turnover rent or similar sums) reaches £55,000,000 per annum. This occurred in February 2004 and the Borrower has withdrawn the excess credit balance. The amount required to be maintained in the Primary Reserve Account from time to time is subsequently referred to as the “**Reserve Account Required Level**”. The Borrower will transfer to the Primary Reserve Account from time to time certain sums standing to the credit of the Rent Account in order to maintain the credit balance of the Primary Reserve Account at the Reserve Account Required Level.

The Borrower is entitled prior to the issue of a Loan Enforcement Notice, under the Security Trust Deed, to withdraw monies from the Primary Reserve Account and/or the Secondary Reserve Account in order to finance a shortfall in the amount required to discharge its obligations as set out in the Borrower Pre-Enforcement Pre-Acceleration Priority of Payments.

The Borrower is obliged to request a withdrawal of funds from both the Primary Reserve Account and the Secondary Reserve Account prior to requesting the Issuer to make a drawing under the Liquidity Facility Agreement. If the Borrower makes a withdrawal from the Primary Reserve Account, it is obliged to credit all funds available to it (after payment of all amounts of interest and scheduled amounts of principal due or accrued due under the Issuer/Borrower Facility Agreement and amounts ranking in

priority thereto or *pari passu* therewith) to the Primary Reserve Account until it reaches the Reserve Account Required Level and thereafter to the Secondary Reserve Account. The obligation of the Borrower to credit funds to the Secondary Reserve Account will cease when the Borrower achieves a Debt Service Cover Ratio of 1.1:1, but the sums previously accumulated in the Secondary Reserve Account (excluding accrued interest) will remain credited thereto unless and until the Rating Agencies confirm that a withdrawal of those monies will not result in the occurrence of a Rating Event.

The Borrower has charged its interest in the Reserve Accounts in favour of the Security Trustee under the Security Trust Deed. Withdrawals from the Reserve Accounts may be made only on the instructions of the Security Trustee and not on instructions of the Borrower, subject to the specific arrangements described elsewhere.

Pursuant to the terms of the Issuer/Borrower Facility Agreement, on or about the Original Closing Date the Borrower established the Surrender Account to which, in certain circumstances more particularly described below, amounts received from a Tenant on the acceptance by the Borrower of a surrender of that Tenant's Lease are credited unless, at the time of the surrender, a Debt Service Cover Ratio of at least 1.3:1 exists. The deposit may be withdrawn if that Debt Service Cover Ratio is subsequently achieved or if the deposit is to be used for certain purposes specified in the Security Trust Deed. The Borrower's interest in the Surrender Account is charged (which is likely to take effect as a floating charge only) in favour of the Security Trustee under the Security Trust Deed. Withdrawals from the Surrender Account may be made only on the instructions of the Security Trustee and not on the instructions of the Borrower.

The Account Bank has a rating assigned to its short-term, unsubordinated and unsecured debt obligations of at least A1+/F1+/P1 (or its equivalent) by the Rating Agencies. If the relevant Rating Agency makes a determination that the short-term, unsecured, unsubordinated and unguaranteed debt of the Account Bank is not sufficient to maintain the current rating of the Third Issue Notes by such Rating Agency at such time, the Borrower will be obliged to use commercially reasonable efforts to procure replacement bank accounts for itself with another appropriately rated entity approved by the Security Trustee in writing (such approval not to be unreasonably withheld or delayed). Any costs in relation to procuring a replacement account bank will be borne by the Borrower.

The Issuer/Borrower Facility Agreement and Security Trust Deed permit the Borrower to maintain certain Permitted Accounts (as defined in the Security Trust Deed), as set out therein. The Permitted Accounts (as defined in the Security Trust Deed) were charged under the Security Trust Deed, but such security is likely to take effect as a floating charge only.

Reserve Accounts Eligible Investments

Pursuant to the terms of the Cash Management Agreement, the Borrower is entitled to direct the Security Trustee to invest all funds standing to the credit of the Reserve Accounts and not immediately required in Eligible Investments.

Borrower Priorities of Payments

Borrower Priorities of Payments — Pre-Enforcement Pre-Acceleration

The Borrower makes the following payments on each Loan Payment Date in the following order of priority (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full) (such order being the “**Borrower Pre-Enforcement Pre-Acceleration Priority of Payments**”):

- (i) first, in or towards payment to the relevant parties, on a *pro rata* basis, according to the respective amounts thereof to the Security Trustee of the remuneration, costs and expenses of the Security Trustee pursuant to the Security Trust Deed and any Property Adviser appointed by the Borrower pursuant to the Issuer/Borrower Facility Agreement;
- (ii) secondly, in or towards payment to the relevant parties, on a *pro rata* basis, according to the respective amounts thereof to:
 - (a) the Issuer of any amounts (other than Subordinated Liquidity Facility Amounts (as defined in the Conditions)) owing by the Issuer to the Liquidity Provider under the Liquidity Facility Agreement and any other amounts ranking *pari passu* or in priority thereto pursuant to the Issuer Deed of Charge (“**Senior Loan Amounts**”);
 - (b) the Interest Rate Hedge Provider and the Issuer, on a *pro rata* basis, of all amounts payable under the Loan Interest Rate Swap Agreements;
 - (c) the Account Bank of the remuneration, costs and expenses payable to it under the Bank Account Agreement;
- (iii) thirdly, in or towards payment of the remuneration, costs and expenses of the Borrower’s auditors;
- (iv) fourthly, in or towards payment to the Issuer, on a *pro rata* basis, according to the respective amounts thereof of interest and scheduled amounts of principal due or accrued due but unpaid on the Term A1(N) Advance, the Term A2 Advance, the Term A3 Advance and the Third Issue Term A4 Advance (excluding amounts corresponding to any Class A3 Step-up Amount);
- (v) fifthly, in or towards payment to the Issuer, on a *pro rata* basis, according to the respective amounts thereof of interest and scheduled amounts of principal due or accrued due but unpaid on the Original Term B Advance, the Term B2 Advance and the Third Issue Term B3 Advance (excluding amounts corresponding to any Class B2 Step-up Amount);
- (vi) sixthly, in or towards payment to the Issuer, on a *pro rata* basis, according to the respective amounts thereof, of interest due or accrued due but unpaid on the Term D1(N) Advance, the Term D2 Advance and the Third Issue Term D3 Advance (excluding amounts corresponding to any Class D1(N) Step-up Amount);
- (vii) seventhly, in or towards payment to the Borrower, to be credited to the Current Account, of such amounts as the Borrower certifies to the Security Trustee have been incurred and/or are required in the following Interest Period to pay operating costs in respect of the Property, being amounts which are not covered by and/or have not been recovered from Service Charges or from a previous withdrawal of monies pursuant to this paragraph (vii) (save that the aggregate amount to be withdrawn under this paragraph (vii) to be expended on promotional and advertising expenses shall not exceed £400,000 in any one year calculated from the Original Closing Date);
- (viii) eighthly, if any sum has been withdrawn from the Primary Reserve Account (save as specifically provided in the Security Trust Deed), to the Primary Reserve Account until such time as the balance of the Primary Reserve Account reaches the Reserve Account Required Level provided, however, that if on any Loan Payment Date, the Borrower has withdrawn funds from the Primary Reserve Account in respect of its obligations under the Term D1(N) Advance and/or the Term D2 Advance and/or the Third Issue Term D3 Advance, the obligation of the Borrower to replenish the Primary Reserve Account to the Reserve Account Required Level shall be waived to the extent (if any) that

the same would reduce the amount of such withdrawal relating to the Term D1(N) Advance and/or the Term D2 Advance and/or the Third Issue Term D3 Advance;

- (ix) ninthly, in or towards payment to the Issuer, on a *pro rata* basis according to the respective amounts thereof, of scheduled amounts of principal due, accrued due or previously deferred but unpaid on the Term D1(N) Advance, the Term D2 Advance and the Third Issue Term D3 Advance, provided that to the extent that on any Loan Payment Date (other than in the case of the Loan Payment Date falling in April 2035 in the case of the Term D1(N) Advance on which date the relevant Scheduled D1(N) Repayment (as defined in the Issuer/Borrower Facility Agreement) for that date shall be paid in full together with any Scheduled D1(N) Repayment deferred in whole or in part on any previous Loan Payment Date), there are insufficient sums available to meet in full scheduled amounts of principal due on the Term D1(N) Advance on that Loan Payment Date, the amount due but unpaid in respect of the Term D1(N) Advance shall be deferred until such Loan Payment Date on which sums are available to meet the same in whole or in part;
- (x) tenthly, if a withdrawal has been made from the Primary Reserve Account (save as specifically provided in the Security Trust Deed), to the Secondary Reserve Account until such time as the Borrower achieves and maintains a Debt Service Cover Ratio of at least 1.1:1 or, subsequently, the credit balance in the Secondary Reserve Account under the Security Trust Deed has been withdrawn following the certification of the Rating Agencies that such withdrawal would not result in a Rating Event occurring;
- (xi) eleventhly, in or towards payment of all amounts due or overdue in respect of any margin corresponding to a Class A3 Step-up Amount;
- (xii) twelfthly, in or towards payment of all amounts due or overdue in respect of any margin corresponding to a Class B2 Step-up Amount;
- (xiii) thirteenthly, in or towards payment of all amounts due or overdue in respect of any margin corresponding to a Class D1(N) Step-up Amount;
- (xiv) fourteenthly, in or towards payment to the Issuer of any other amounts due from the Borrower but unpaid; and
- (xv) fifteenthly, in circumstances where the Security Trustee has consented to the release of the same pursuant to the Security Trust Deed, the surplus (if any) to or to the order of the Borrower.

If any Further Term Facility, New Term Facility or Third Party Facility (as defined in the Issuer/Borrower Facility Agreement) is made available to the Borrower in accordance with the terms of the Issuer/Borrower Facility Agreement, the Borrower Pre-Enforcement Pre-Acceleration Priority of Payments will be amended to account for the payments to be made by the Borrower in respect of the same.

The foregoing priority of payments will apply as from the Third Issue Closing Date.

Borrower Priorities of Payments — Post-Enforcement Pre-Acceleration

Failure by the Borrower, *inter alia*, to make the scheduled payments (being a quarterly payment comprising a scheduled amount of principal and accrued interest) due under the Issuer/Borrower Facility Agreement will (in circumstances where any shortfall cannot be funded by the Issuer by drawings made under the Liquidity Facility or where such shortfall can be funded by drawing the Liquidity Facility but the Borrower fails to make the payments to the Issuer in respect of any drawing previously made by it under the Liquidity Facility specified in the Issuer/Borrower Facility Agreement within a certain

specified period) constitute a Loan Event of Default. The Security Trust Deed may then be enforced without accelerating the Issuer/Borrower Facility Agreement (or the Notes), in which event the receiver appointed by the Security Trustee will run the business of the Borrower and pass the proceeds (in an amount not exceeding all sums due under the Issuer/Borrower Facility Agreement) to the Issuer.

The funds realised by the Security Trustee from an enforcement of the Security Trust Deed following service of a Loan Enforcement Notice but prior to service of a Note Enforcement Notice will be applied in the following order of priority (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full) (such order being the “**Borrower Post-Enforcement Pre-Acceleration Priority of Payments**”):

- (i) first, in or towards payment, to the relevant parties on a *pari passu* basis according to the respective amounts thereof, to the Security Trustee of the remuneration, costs and expenses of the Security Trustee and any receiver or receivers appointed by the Security Trustee pursuant to the Security Trust Deed;
- (ii) secondly, in or towards payment to the relevant parties, on a *pro rata* basis, according to the respective amounts thereof, to:
 - (a) the Issuer of any Senior Loan Amounts;
 - (b) the Interest Rate Hedge Provider and the Issuer of all amounts payable under the Loan Interest Rate Swap Agreements;
 - (c) the Account Bank of the remuneration, costs and expenses payable to it under the Bank Account Agreement;
- (iii) thirdly, in or towards payment to the Issuer, on a *pro rata* basis according to the respective amounts thereof, of interest and scheduled amounts of principal due or accrued due but unpaid on the Term A1(N) Advance, the Term A2 Advance, the Term A3 Advance and the Third Issue Term A4 Advance (excluding amounts corresponding to any Class A3 Step-up Amount);
- (iv) fourthly, in or towards payment to the Issuer, on a *pro rata* basis according to the respective amounts thereof, of interest and scheduled amounts of principal due or accrued due but unpaid on the Original Term B Advance, the Term B2 Advance and the Third Issue Term B3 Advance (excluding amounts corresponding to any Class B2 Step-up Amount);
- (v) fifthly, in or towards payment to the Issuer, on a *pro rata* basis according to the respective amounts thereof, of interest and scheduled amounts of principal due or accrued due or previously deferred but unpaid on the Term D1(N) Advance, the Term D2 Advance and the Third Issue Term D3 Advance (excluding amounts corresponding to any Class D1(N) Step-up Amount), provided that, to the extent that, there are insufficient funds available to meet in full scheduled amount of principal due on the Term D1(N) Advance on any Loan Payment Date (other than in the case of the Loan Payment Date falling in April 2035 in the case of the Term D1(N) Advance, on which date the relevant Scheduled D1(N) Repayment for that date shall be paid in full together with any Scheduled D1(N) Repayment deferred in whole or in part on any previous Loan Payment Date) the amount otherwise due but unpaid in respect of the Term D1(N) Advance shall be deferred until such Loan Payment Date on which funds are available to meet the same in whole or in part;
- (vi) sixthly, in or towards payment of all amounts due or overdue in respect of any margin corresponding to a Class A3 Step-up Amount;
- (vii) seventhly, in or towards payment of all amounts due or overdue in respect of any margin corresponding to a Class B2 Step-up Amount;

- (viii) eighthly, in or towards payment of all amounts due or overdue in respect of any margin corresponding to a Class D1(N) Step-up Amount;
- (ix) ninthly, in or towards payment to the Issuer, of any other amounts due from the Borrower but unpaid; and
- (x) tenthly, the surplus (if any) to the Enforcement Account (as defined in the Security Trust Deed).

If any Further Term Facility, New Term Facility or Third Party Facility is made available to the Borrower in accordance with the terms of the Issuer/Borrower Facility Agreement, the Borrower Post-Enforcement Pre-Acceleration Priority of Payments will be amended to account for the payments to be made by the Borrower in respect of the same.

The foregoing priority of payments will apply as from the Third Issue Closing Date.

Borrower Priorities of Payments — Post-Enforcement Post-Acceleration

Failure by the Issuer, *inter alia*, to make scheduled payments under the Notes will constitute a Note Event of Default (in circumstances where such shortfall cannot be funded by drawings made under the Liquidity Facility Agreement) and will lead to an acceleration of the Issuer/Borrower Facility Agreement and an enforcement of the security constituted by the Security Trust Deed. The funds resulting from such enforcement will be applied on the immediately succeeding Loan Payment Date in the following order of priority (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full) (such order being the “**Borrower Post-Enforcement Post-Acceleration Priority of Payments**” and, together with the Borrower Pre-Enforcement Pre-Acceleration Priority of Payments and the Borrower Post-Enforcement Pre-Acceleration Priority of Payments, the “**Borrower Priorities of Payments**”):

- (i) first, in or towards payment, to the relevant parties on a *pro rata* basis according to the respective amounts thereof, (a) to the Security Trustee of the remuneration, costs and expenses of the Security Trustee and (b) any receiver or receivers appointed by the Security Trustee pursuant to the Security Trust Deed;
- (ii) secondly, in or towards payment to the relevant parties, on a *pro rata* basis according to the respective amounts thereof, to:
 - (a) the Issuer, of any Senior Loan Amounts;
 - (b) the Issuer of all amounts payable under the Loan Interest Rate Swap Agreements;
 - (c) the Account Bank, of the remuneration, costs and expenses payable to it under the Bank Account Agreement;
- (iii) thirdly, in or towards payment to the Issuer, on a *pro rata* basis according to the respective amounts thereof, of interest and principal due, or accrued due but unpaid, on the Term A1(N) Advance, the Term A2 Advance, the Term A3 Advance and the Third Issue Term A4 Advance (excluding amounts corresponding to any Term A3 Step-up Amount);
- (iv) fourthly, in or towards payment to the Issuer, on a *pro rata* basis according to the respective amounts thereof, of interest and principal due or accrued due but unpaid, on the Original Term B Advance, the Term B2 Advance and the Third Issue Term B3 Advance (excluding amounts corresponding to any Class B2 Step-up Amount);
- (v) fifthly, in or towards payment to the Issuer, on a *pro rata* basis, according to the respective amounts thereof, of interest and principal due, accrued due or previously deferred but unpaid on

the Term D1(N) Advance, the Term D2 Advance and the Third Issue Term D3 Advance (excluding amounts corresponding to any Class D1(N) Step-up Amount);

- (vi) sixthly, in or towards payment of all amounts due or overdue in respect of any margin corresponding to a Class A3 Step-up Amount;
- (vii) seventhly, in or towards payment of all amounts due or overdue in respect of any margin corresponding to a Class B2 Step-up Amount;
- (viii) eighthly, in or towards payment of all amounts due or overdue in respect of any margin corresponding to a Class D1(N) Step-up Amount;
- (ix) ninthly, in or towards payment to the Issuer of any other amounts due from the Borrower but unpaid; and
- (x) tenthly, the surplus (if any) to the Borrower (without any liability for how such surplus might be applied).

If any Further Term Facility, New Term Facility or Third Party Facility is made available to the Borrower in accordance with the terms of the Issuer/Borrower Facility Agreement, the Borrower Post-Enforcement Post- Acceleration Priority of Payments will be amended to account for the payments to be made by the Borrower in respect of the same.

The foregoing priority of payments will apply as from the Third Issue Closing Date.

Issuer Priorities of Payments

Prior to enforcement of the Issuer Deed of Charge, funds in the Issuer Account (as referred to in the Issuer Deed of Charge) together with earnings thereon may be applied on any day during any Interest Period in paying or providing for ongoing expenses (to the extent that such amounts have not already been paid), as permitted by the Relevant Documents. These funds will be applied by the Cash Manager on each Interest Payment Date in the following order of priority (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full) (such order being the “**Issuer Pre-Enforcement Priority of Payments**”):

- (a) first, in or towards payment to the relevant parties, on a *pro rata* basis according to the respective amounts thereof, of the remuneration, costs and expenses, and all other amounts due to, of the Note Trustee and the Security Trustee and their respective appointees, respectively;
- (b) secondly, in or towards payment of the relevant parties, on a *pro rata* basis according to the respective amounts thereof, of the remuneration, costs and expenses of the Paying Agents, the Agent Bank, the Cash Manager, the Account Bank (in respect of amounts owing to it under the Cash Management Agreement), the Rating Agencies and the Issuer’s auditors;
- (c) thirdly, in or towards the payment to the relevant parties, on a *pro rata* basis according to the respective amounts thereof, of sums due or overdue to third parties under obligations properly incurred in the course of the Issuer’s business including the provision for and payment of the Issuer’s liability (if any) to corporation tax and any reasonable corporate service or company secretarial fees and charges;
- (d) fourthly, in or towards payment to the relevant parties on a *pro rata* basis according to the respective amounts thereof, to:
 - (1) the Liquidity Provider of all amounts payable under the Liquidity Facility Agreement other than:

- (i) the amount payable in respect of Mandatory Costs (as defined in accordance with the formula set out in the Liquidity Facility Agreement) and/or tax gross-up amounts payable to the Liquidity Provider in excess of 0.25 per cent. per annum of the principal amount outstanding under the Liquidity Facility Agreement;
- (ii) commitment fees (including, without limitation, any commitment fee payable to the Liquidity Provider as a result of the imposition of increased costs directly attributable to the implementation of the Capital Requirements Directive) payable in respect of the Liquidity Facility Agreement in excess of 0.25 per cent. per annum of the then undrawn, uncanceled amount of the Liquidity Facility;
- (iii) the amount payable in respect of increased costs (other than those payable by way of an increase in the commitment fee, to which the provisions of (ii) above shall apply) payable to the Liquidity Provider under Clause 12.1 of the Liquidity Facility Agreement; and
- (iv) the amount of any interest in respect of any of the amounts referred to in (i), (ii) and (iii) above,

(the amounts referred to in these items (i) to (iv) together, the “**Subordinated Liquidity Facility Amounts**” and all such amounts payable under the Liquidity Facility Agreement other than the Subordinated Liquidity Facility Amounts, being “**Senior Liquidity Facility Amounts**”);

- (2) the Interest Rate Hedge Provider, of any amounts due under the Interest Rate Cap Transaction in relation to the Issuer’s obligation to pay to the Interest Rate Hedge Provider amounts equal to any refund, repayment, credit or allowance received by the Issuer following the payment of an additional amount by the Interest Rate Hedge Provider to the Issuer (to the extent as any such amounts have actually been received by the Issuer and have been identified as such) (in accordance with the Interest Rate Cap Agreement) following a withholding or deduction for or on account of tax on any payment made by the Interest Rate Hedge Provider to the Issuer; and
 - (3) the Borrower and the Note Interest Rate Swap Providers of all amounts payable under the Loan Interest Rate Swap Agreements and the Note Interest Rate Swap Agreements (except any Swap Subordinated Amounts);
- (e) fifthly, in or towards payment to the relevant Class A Noteholders on a *pro rata* basis according to the respective amounts thereof, of interest, scheduled amounts of principal and premium (if any) due or accrued due but unpaid pursuant to Conditions 4 and 5 (excluding any Class A3 Step-up Amount);
 - (f) sixthly, in or towards payment to the relevant Class B Noteholders, on a *pro rata* basis according to the respective amounts thereof, of interest, scheduled amounts of principal and premium (if any) due, or accrued due but unpaid, pursuant to Conditions 4 and 5 (excluding any Class B2 Step-up Amount);
 - (g) seventhly, in or towards payment to the relevant Class D Noteholders on a *pro rata* basis according to the respective amounts thereof, of interest, scheduled amounts of principal and premium (if any) due or accrued due or previously deferred but unpaid pursuant to Conditions 4 and 5 (excluding any Class D1(N) Step-up Amount) provided that to the extent that on any Interest Payment Date (other than in the case of the Interest Payment Date falling in April 2035 in the case of the Class D1(N) Notes on which date the relevant Expected Amortisation Amount

shall be due in full together with any Expected Amortisation Amount deferred in whole or in part on any previous Interest Payment Date), there are insufficient funds available to the Issuer to meet in full the scheduled amount of principal due on the Class D1(N) Notes on that Interest Payment Date, the amount due but unpaid in respect of the Class D1(N) Notes shall be deferred until such Interest Payment Date on which funds are available to the Issuer to meet the same in whole or in part (other than in the case of the Interest Payment Date falling in April 2035 in the case of the Class D1(N) Notes on which date the relevant Expected Amortisation Amount shall be due in full together with any Expected Amortisation Amount deferred in whole or in part on any previous Interest Payment Date);

- (h) eighthly, in or towards payment of any Class A3 Step-up Amount due or overdue;
- (i) ninthly, in or towards payment of any Class B2 Step-up Amount due or overdue;
- (j) tenthly, in or towards payment of any Class D1(N) Step-up Amount due or overdue;
- (k) eleventhly, in or towards payment to the Liquidity Provider of any Subordinated Liquidity Facility Amounts and to any Note Interest Rate Swap Provider or the Borrower of any Swap Subordinated Amounts, on a *pro rata* basis according to the respective amounts thereof; and
- (l) twelfthly, the surplus (if any) to the Issuer unless the Issuer/Borrower Facility Agreement has been accelerated, in which case the surplus (if any) shall be paid into an account in the name of the Security Trustee.

For the purposes hereof:

“Swap Subordinated Amounts” means, in respect of a swap transaction:

- (a) any amount due from the Issuer to any Note Interest Rate Swap Provider or the Borrower, as applicable, where such amount due is a positive and not a negative number, as a result of a termination of the swap transaction under the relevant Note Interest Rate Swap Agreement or Loan Interest Rate Swap Agreement, as applicable, when the Note Interest Rate Swap Provider or the Borrower, as applicable, is the sole Affected Party (as defined in the Note Interest Rate Swap Agreement or Loan Interest Rate Swap Agreement, as applicable) (following an Additional Termination Event (as defined in the Note Interest Rate Swap Agreement or Loan Interest Rate Swap Agreement, as applicable) relating to the ratings downgrade provision in the Note Interest Rate Swap Agreement) or the Defaulting Party (as defined in the Note Interest Rate Swap Agreement or Loan Interest Rate Swap Agreement, as applicable); less
- (b) any Swap Replacement Premium received by the Issuer.

“Swap Replacement Premium” means, in respect of a swap transaction, any premium or upfront payment received by the Issuer from a replacement swap counterparty under a replacement swap transaction to the extent of the termination payment due to the swap counterparty under the swap transaction.

The foregoing priority of payments will apply as from the Third Issue Closing Date.

If any Further Notes, Replacement Notes or New Notes are issued by the Issuer in accordance with the Conditions, the Issuer Pre-Enforcement Priority of Payments will be amended to account for the payments to be made by the Issuer in respect of the same.

Issuer Post-Enforcement Priorities of Payment

After enforcement of the Issuer Deed of Charge and acceleration of the Notes, the proceeds of such enforcement will be applied in the following order of priority (only if and to the extent that payment or provisions of a higher order or priority have been paid in full) (the “**Issuer Post-Enforcement Priority of Payments**” and, together with the “**Issuer Pre-Enforcement Priority of Payments**”, the “**Issuer Priorities of Payments**” and, together with the Borrower Priorities of Payments, the “**Priorities of Payments**”).

- (a) first, in or towards payment to the relevant parties, on a *pro rata* basis according to the respective amounts thereof, of the remuneration, costs and expenses of the Note Trustee, the Security Trustee and any receiver or receivers appointed by the Security Trustee pursuant to the Issuer Deed of Charge;
- (b) secondly, in or towards payment of the relevant parties, on a *pro rata* basis according to the respective amounts thereof, of the remuneration, costs and expenses of the Paying Agents, the Agent Bank, the Cash Manager and the Account Bank (in respect of amounts owing to it under the Cash Management Agreement);
- (c) thirdly, in or towards payment to the relevant parties on a *pro rata* basis according to the respective amounts thereof, to:
 - (i) the Liquidity Provider of the Senior Liquidity Facility Amounts;
 - (ii) the Interest Rate Hedge Provider, of any amounts due under the Interest Rate Cap Transaction in relation to the Issuer’s obligation to pay to the Interest Rate Hedge Provider amounts equal to any refund, repayment, credit or allowance received by the Issuer following the payment of an additional amount by the Interest Rate Hedge Provider to the Issuer (to the extent as any such amounts have actually been received by the Issuer and have been identified as such) (in accordance with the Interest Rate Cap Agreement) following a withholding or deduction for or on account of tax on any payment made by the Interest Rate Hedge Provider to the Issuer; and
 - (iii) the Borrower and the Note Interest Rate Swap Providers of all amounts payable under the Loan Interest Rate Swap Agreements and the Note Interest Rate Swap Agreements (except any Swap Subordinated Amounts);
- (d) fourthly, in or towards payment to the relevant Class A Noteholders on a *pro rata* basis according to the respective amounts thereof, of interest, principal and premium (if any) due but unpaid pursuant to Conditions 4 and 5 (excluding any Class A3 Step-up Amount);
- (e) fifthly, in or towards payment to the relevant Class B Noteholders, on a *pro rata* basis according to the respective amounts thereof, of interest, principal and premium (if any) due or accrued due but unpaid pursuant to Conditions 4 and 5 (excluding any Class B2 Step-up Amount);
- (f) sixthly, in or towards payment to the relevant Class D Noteholders on a *pro rata* basis according to the respective amounts thereof, of interest, principal and premium (if any) due or accrued due or previously deferred but unpaid pursuant to Conditions 4 and 5 (excluding any Class D1(N) Step-up Amount);
- (g) seventhly, in or towards payment of any Class A3 Step-up Amount due or overdue;
- (h) eighthly, in or towards payment of any Class B2 Step-up Amount due or overdue;
- (i) ninthly, in or towards payment of any Class D1(N) Step-up Amount due or overdue;

- (j) tently, in or towards payment to the Liquidity Provider, of any Subordinated Liquidity Facility Amounts and to any Note Interest Rate Swap Provider or the Borrower of any Swap Subordinated Amounts, on a *pro rata* basis according to the respective amounts thereof; and
- (k) eleventhly, the surplus (if any) to the Issuer.

If any Further Notes, Replacement Notes or New Notes are issued by the Issuer in accordance with the Conditions, the Issuer Post-Enforcement Priority of Payments will be amended to account for the payments to be made by the Issuer in respect of the same.

THE PROPERTY

Introduction

The Property, as at the Third Issue Closing Date, will comprise intu Trafford Centre (a description of which can be found below). The Property is a prime shopping centre whose valuation (as described under “*Valuation Report*” immediately below) ranks it as the top shopping centre owned by the Borrowing Group by value. The Property is located at Manchester, M17 8AA and is owned within the Intu Properties plc group. Unless stated otherwise, all references in this section of this Prospectus to passing rent, areas, units, vacancies and Leases of the Property are to such data as at 31 December 2013 and all market values and yields are to the Valuation Report as at 12 February 2014 (the “**Valuation Report Cut-Off Date**”). The Issuer and the Borrower confirm that, as at the date of this Prospectus, there has been no material change to such data since either 31 December 2013 or the Valuation Report Cut-Off Date (as applicable).

Valuation Report

Cushman & Wakefield has prepared a Valuation Report in respect of the Property as at the Valuation Report Cut-Off Date (see Annex 2: “*Valuation Report*”), which values the Property at £1,821m. Cushman & Wakefield is a leading practice of commercial real estate surveyors and valuers and a leader in the retail, office, industrial and investment markets.

Description of the Property

The Property has approximately 1.8¹ million sq ft of retail, catering and leisure space across the site. The Property was ranked (by Property Market Analysis) in December 2013 as one of the top 5 shopping centres in the UK for overall attraction. Over 200 units are let to a diverse retail, leisure and catering mix, anchored by Selfridges, John Lewis, Debenhams and Marks & Spencer with BHS, Boots, H&M and Next as Major Space Users and many other major UK flagship brands. Located 4 miles west of Manchester city centre, with direct access via two junctions to the M60, Manchester’s orbital motorway, the Centre benefits from strong transport links, including a bus station (with capacity for up to 120 buses per hour), taxi rank, and more than 11,500 free car parking spaces (of which 1,500 are shared with Barton Square and Event City) in addition to up to 350 coach spaces.

In addition, the following form part of the Property and provide a source of funds to meet amounts falling due under the Notes:

- (i) a strong and varied catering offer with over 50 brands including TGI Fridays, Costa, Carluccio’s and Pizza Express and, in addition, in-store restaurants/food outlets within Selfridges, Debenhams, John Lewis and other large stores;
- (ii) Wilderspool Wood, which forms parts of the Centre, and contains a Premier Inn Hotel (including 60 bedrooms) pub and restaurant (in respect of which Whitbread is the current tenant and operator), a Frankie & Benny’s restaurant and Aerial Extreme, a high rope adventure course;
- (iii) a 20 screen Odeon Multiplex/IMAX cinema, with complementary catering area and bar, Paradise Island Adventure Golf, Laser Quest, a rock climbing wall and Namco Station leisure offer;

¹ The Property has 1.8 million sq ft of retail, catering and leisure space, of which 1.7 million is within the main centre and approximately 0.1 million sits outside the main centre but still provides a source of funds to meet sums falling due under the Issuer/Borrower Facility Agreement and the Notes.

- (iv) approximately 97 per cent. occupancy², as at the date of this Prospectus; and
- (v) dedicated themed areas: including The Orient (which is primarily a 1,600-seat food court based on an ocean liner theme and occupying two levels and houses the following restaurants: McDonald's, Burger King, KFC, TGI Fridays, Pizza Express, Tampopo and GBK) and The Great Hall (which houses the following restaurants: Carluccio's, Nando's and Las Iguanas).

The following do not form part of the Property (nor do they provide a source of funds to meet amounts falling due under the Notes) but surround, and are complementary to, the Property:

- (i) Barton Square which is a major homeware and leisure extension owned by intu whose major tenants include BHS, Next, Dwell, Natuzzi, Marks & Spencer Home, Legoland and Sea Life;
- (ii) Trafford Quays Leisure Village (which is not owned by intu or the Group) which includes Powerleague Soccerdome, Trafford Golf Centre, Chill Factor, Ski Centre, David Lloyd, two Premier Inns and a Travelodge; and
- (iii) Event City (which is not owned by intu or the Group) – the second largest exhibition space outside London.

The following table sets out certain key information relating to the Property as at the Valuation Report Cut-Off Date:

Tenure	Freehold
Area (million sq. ft)	1.8
Number of units	200+
Net rental income*	£86.5m
Current passing rent*	£82.0m
Estimated rental value ("ERV")	£104.0m
Market value	£1,821m
Occupancy	97%
Annual footfall	30m
Average lease term unexpired*	9.2 yrs
Net initial yield	4.6%
Nominal Equivalent Yield	5.2%

* Note: as at 31 December 2013.

History and Ownership

The freehold of the Property is vested in the Borrower, a wholly owned subsidiary of the Parent. The Property was developed by the Peel Group, which owned the land as a result of its acquisition of the Manchester Ship Canal Company in 1987. In January 2011, the Peel Group sold the Property to Capital Shopping Centres (now Intu Properties plc) for £1.6bn in the largest single property transaction in British history. The Trafford Centre opened to the public in September 1998, attracting more visitors

² The passing rent of let and under offer units expressed as a percentage of the passing rent of let and under offer units plus ERV of un-let units. Units let to tenants in administration and still trading are treated as let and those no longer trading are treated as un-let.

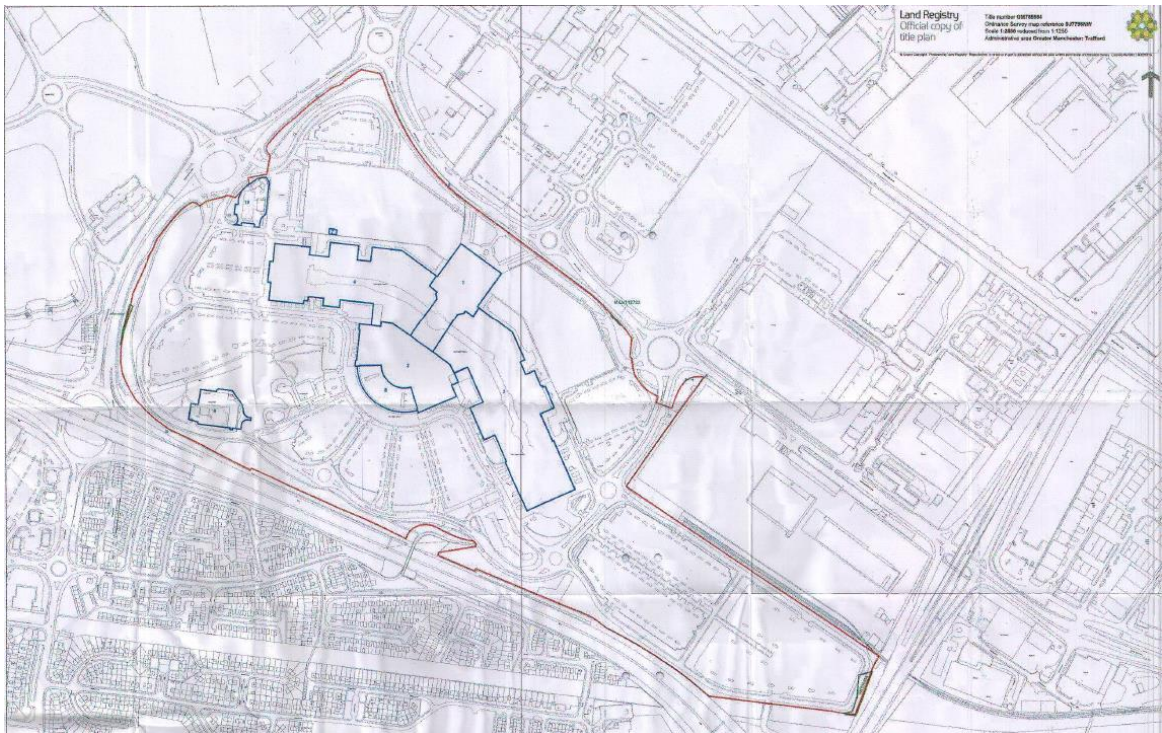
each year and in 2007 the main entrance underwent significant redevelopment to create a new leisure and dining centre.

The Peel Group, through Peel Chapel Holdings (IOM) Limited holds a 19.40 per cent. share of the issued share capital of intu.

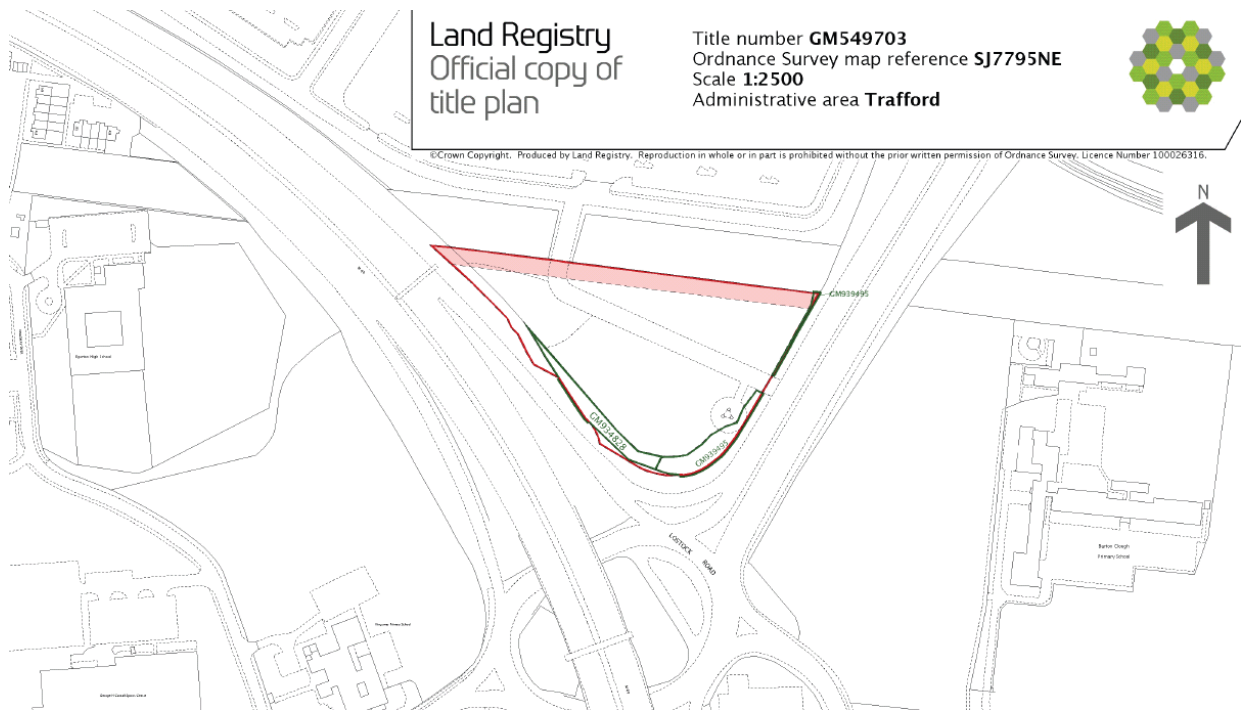
The Property comprises the main shopping centre site, the Wilderspool Wood area (as described above), parking area, petrol filling station and bus station in respect of which the Borrower holds the freehold interest. The current occupational leases at the main shopping centre site are granted out of this interest.

Title plans of the Property

Set out below are the Land Registry official copies of the title plans in respect of the Property identifying the freehold interest held by the Borrower in the Property:



Note: the above shows the official copy of title plan in respect of title GM785584 which shows the freehold land comprising the main Trafford Centre site (outlined in red) and certain buildings erected on such land (including the Trafford Centre building (centre), Premier Inn Hotel in Wilderspool Wood (bottom left) and the petrol filling station (top left), each outlined in blue).

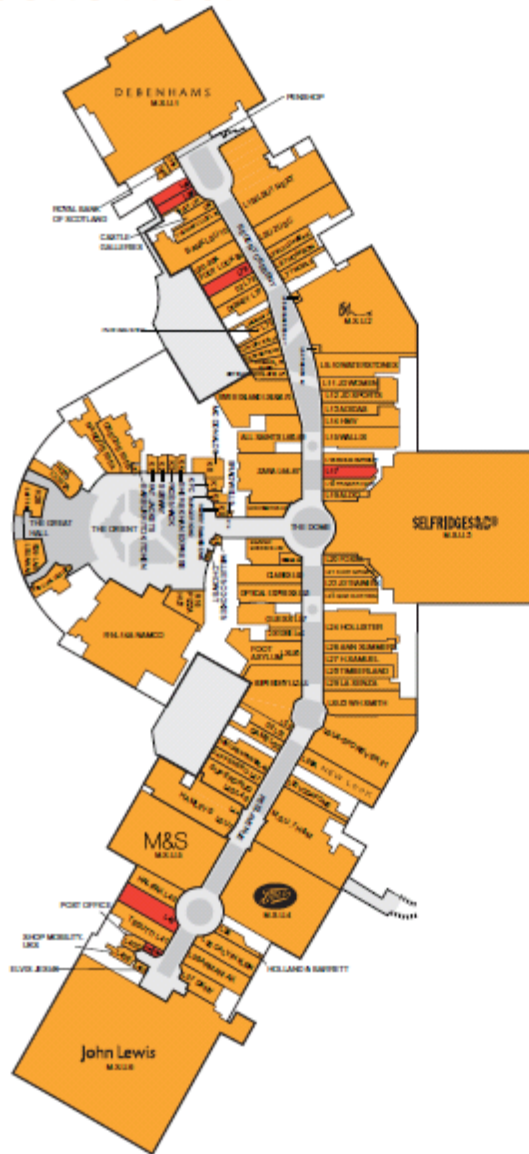


Note: the above shows the official copy of title plan in respect of title GM549703 which shows a portion of undeveloped adjacent land lying to the south east of the main Trafford Centre site (outlined in red). This land is earmarked for a hotel development and is subject to an Agreement for Lease with Peel Leisure (Properties) Limited for a 125 year lease. The land edged green is excluded from the title.

Floorplan of the Property

Set out below is a floorplan of the Property, divided into the ground, first and second floor shopping malls:

Ground Floor



Key

- Contracts Exchanged
- H.O.T Issued
- Contracts with Solicitors
- Units Available

First Floor



Second Floor



Key

- Contracts Exchanged
- H.O.T Issued
- Contracts with Solicitors
- Units Available

Catchment Area

The Property is located in the North West of England, which is the UK's largest regional market outside of London and the South East. In common with other similar regional shopping centres, the Property has several anchor stores and attracts regular shoppers from a very large geographic area. The geographic extent of intu Trafford Centre's catchment area is limited to the north by Lancaster, the south by Stoke-on-Trent, the east by Sheffield and the west by the west coast of England. The Property's area of dominance lies in the more densely populated southern half of its core catchment area:



More than 8.9 million people live within a 70 minute drive time of the Property, with a total annual retail expenditure of approximately £13.1 billion. 4.8 million people reside in a 45 minute drivetime of the Property. The Property consistently receives an annual footfall of approximately 30 million customers. In 2013, footfall was slightly ahead of 2012 which compares with Experian's measure of UK national footfall which fell by 4%.

Statistics indicate that the average dwell time of shoppers at the Property is over two hours, with 20 per cent. of shoppers visiting the Property at least weekly and 55 per cent. of shoppers visiting the Property at least monthly. On average, a shopper visits the Property approximately 21 times per year and the average retail spend per visit, per person was £28.71 in 2013. Demographically, 74 per cent. of shoppers at the Property are female, 63 per cent. are categorised "ABC1" by Research Craft, Experian³. Approximately 55 per cent. of shoppers are aged between 16-44 years old and a further 26 per cent. of shoppers are aged above 55 years old.

Competition within the Catchment Area

None of the other super-regional shopping malls in the UK is within the catchment area.

The Property's primary competitors are the retail outlets in central Manchester, who attract 21 per cent. of the Property's catchment residents for comparison goods shopping purposes (this information is

³ Category "ABC1" equates to demographic category of middle class as determined by ResearchCraft, Experian.

sourced from exit surveys conducted at peak and off-peak periods). The Property dominates the catchment areas of all trading locations that compete with it. Manchester attracts almost 100 per cent. of its core shoppers from the same area. This unusually high level of catchment overlap results from the concentration of competing centres in the main population belt around Manchester city centre broadly described by the M60 orbital motorway (population levels, and the number of competing centres, are much lower to the west). However, the retail offer in these competing locations is different in nature to the large, enclosed shopping mall environment offered by the Property.

The current retail offer is generally mass-market and well suited to the local population. There is an up-market fashion offer at the Property through large stores such as Selfridges and smaller boutique retailers rarely found outside London and the South East. The Property is currently the only place in the United Kingdom (other than Oxford Street, London) where you can find Selfridges, John Lewis, Debenhams and Marks & Spencer trading in the same area.

Tenant and Lease Overview

As at 31 December 2013, over 200 units in total were let to approximately 195 Tenants. The Tenant mix is a diverse retail, catering and leisure mix, with a number of Tenants having some of their leading nationwide stores in the Property. Anchor tenants such as Selfridges, John Lewis, Debenhams and Marks & Spencer, as well as BHS, Boots, H&M and Next are Major Space Users and major UK flagship brands. The remaining Tenants are varied and therefore attract a wider range of visitors.

29 significant lease renewals or long term lettings (leases longer than 5 years) were agreed in 2013, representing £10 million of annual passing rent. Lettings to significant retailers during this time include Tessuti, Hamleys and Foot Asylum.

All significant Leases are on full repairing and insuring terms (save for those limited instances where the obligation of Tenants to repair does not extend to damage caused by terrorism or, in certain circumstances, damage relating to an inherent defect), meaning that an appropriate proportion of insurance and repair costs are recoverable from the relevant Tenant. In certain cases there will be a shortfall in the recovery of Service Charge and insurance premium because, *inter alia*, the Service Charge regimes in the relevant Leases are not comprehensive, there are Service Charge caps which have been granted to Tenants or there are vacant units.

The Lease rent reviews are on an upward only basis. The Leases are on terms which correspond to those terms which, in the current shopping centre letting market, could reasonably be expected for a Property of this nature. Whilst all reviews are on an upward only basis, some Leases contain an element of rent linked to the relevant retailer's turnover. This element may vary (upwards or downwards but never below the base rent) from year to year. In most cases, a 'turnover lease' has a fixed base rent equivalent to the unit's open market estimated rental value ("ERV"). The turnover element of the rent is then calculated as an agreed percentage of the relevant retailer's turnover and is payable where such amount exceeds the base rent. The ERV, used to calculate the base rent, is generally reviewed on a five yearly upward only open market basis. A very small number of leases (less than 1 per cent. of total passing rent) have a rent that is calculated by reference to the relevant tenant's turnover only (i.e. there is no conventional base rent, or where a minimum rent is paid based on the previous year's turnover rent).

Historical occupancy rates

The following table shows the historical occupancy rate over the last 5 years by passing rent:

Years	2009	2010	2011	2012	2013
Occupancy %	97	97	97	97	97

* 2009 and 2010 calculated by space, 2011 onwards calculated based on rent

Lease Expiry Profile

The following table shows, in relation to the Property, the expected expiry of Leases in relation to the Property over time, weighted by passing rent and space (ft²):

Expiry year	Vacant	2014- 2018 ⁽¹⁾	2019- 2023	2024- 2028	2029 +
Tenant break not exercised					
weighted by:					
Rent (£)(m)	-	14.0	47.9	11.6	8.5
% of total rent	-	17.1	58.4	14.1	10.4
Space '000 (ft ²)	8	209	701	260	623
% of total space.....	0.4	11.6	38.9	14.4	34.7
Tenant break exercised					
weighted by:					
Rent (£m)	-	20.7	44.7	8.1	8.5
% of total rent	-	25.2	54.5	9.9	10.4
Space '000 (ft ²)	8	321	685	164	623
% of total space.....	0.4	17.8	38.0	9.1	34.7

Note:

(1) 2014 includes any leases that have expired with the Tenants holding over under the Landlord and Tenant Act 1954.

Lease size concentration

The following table shows, in relation to the Property, the lease size concentration weighted by passing rent and space (ft²):

(in ft ²)	Vacant	0-500	500-2,500	2,500- 5,000	5,000- 10,000	10,000- 50,000	50,000- 100,000	100,000+
Weighted by rent (£m)	-	2.0	18.4	16.2	13.1	17.5	9.0	5.8
Weighted by space (ft ²).....	8	11	137	208	208	402	271	556

Tenant Concentration

The following table, in relation to the Property, shows the largest Tenants (by ultimate holding company/corporate group) by passing rent, the percentage of total passing rent each such Tenant represents, the total number of units occupied by these Tenants, the weighted average lease expiry as at 31 December 2013 and the cumulative percentage of total passing rent:

Tenant	Number of units	Passing rent (£'m)	% of total passing rent	Cumulative % of total passing rent	Weighted Average Lease expiry (years)
Arcadia (including BHS*)	4	5.2	6.3	6.3	15
Next*	3	3.0	3.7	10.0	9
Selfridges*	1	2.7	3.3	13.3	19
Boots*	1	2.6	3.2	16.5	9
Marks & Spencer*	3	2.5	3.0	19.5	12
JD Sports	4	2.3	2.8	22.3	10
Debenhams*	3	2.1	2.6	24.9	19
H&M*	1	2.0	2.4	27.3	6
Odeon	3	1.9	2.3	29.6	9
Forever 21	1	1.7	2.1	31.7	8

Note:

- (1) * denotes a Tenant who is also an anchor tenant or Major Space User at the Property.
- (2) Investors should note that the table above lists the top 10 tenant groups by passing rent. The passing rent attributable to certain anchor tenants and Major Space Users does not place them in this list, whereas certain tenants who are not anchor tenants or Major Space Users (such as Forever 21, Odeon Multiplex and JD Sports) appear in the table above.

The top 10 Tenant groups underpin a strong and very long-term underlying rental income stream, representing approximately 32% per cent. of total passing rent, with a weighted average unexpired lease term until expiry of approximately 12.1 years, and a first break of 11.9 years, as compared with 9.2 years and 8.6 years respectively for the Property as a whole.

The following table, in relation to the Property, shows a breakdown of the Tenants by sector group and the corresponding percentage of passing rent each such industry group represents:

Tenant Industry	%
Fashion.....	45
Food & drink.....	12
Department.....	10
Electronics & mobile.....	6
Jewellery	6
Health & beauty	6
Entertainment.....	3
CD, books & games	3
Other retail	9

The Centre benefits from a strong and varied tenant mix, with continuing demand for further restaurant and catering units as shoppers seek to complement their shopping trip with other leisure activities, for example, in The Great Hall and The Orient themed areas. The drive for retailers to upsize has also resulted in several retailers upsizing or creating “flagship” stores to showcase their whole range, H&M, Next, JD Sports and Superdry being examples of such retailers within the Property.

Since 31 December 2012, six retail Tenants, namely Jessops, HMV, Republic, Modelzone, Diffusion and Catalyst Retail, have entered administration. These retailers occupied six units across the Property and represented approximately three per cent. of the passing rent at 31 December 2012. Of the six units, three have been let to new Tenants, one continues to trade and two have closed. Discussions regarding the future of the units are on-going with the administrators of each respective retailer. In respect of those Tenants that are no longer trading or that the Group has been informed will be closed, active marketing to potential new tenants has begun with potential interest being expressed by a number of parties.

Capital expenditure

The historical capital expenditure in relation to the Property over the last 3 years is:

	<i>(£m)</i>
Year ended 31 December 2011.....	1.7
Year ended 31 December 2012	1.0
Year ended 31 December 2013	1.4
	<u>4.1</u>

The two largest projects over this period were:

- the amalgamation of units on Regent Crescent to create enlarged space for Next; and
- the provision of new escalators and fountain improvements adjacent to a refurbished Debenhams cafe.

As described in greater detail below under “*Current Development Work at the Property*”, the Borrowing Group is, as at the date of this Prospectus, engaged in certain development work at the Property.

Current Development Work at the Property

The current development work at the Property includes (i) construction works in relation to the subdivision of Unit 14, and (ii) works required to implement planning permission reference 76554/VAR/2011 in service yards 8 and 9 to provide additional floorspace for servicing arrangements and goods/waste storage.

Insurance

Intu has insurance policies in place for damage to the Property and business interruption (including in respect of terrorism). This is on a “day one non-adjustable” cover to which the sum insured is 150 per cent. of the declared value for the Property’s costs, to add additional protection against the effects of increases in building costs during any period of reinstatement. Business interruption includes loss of income for both rent and service charge following damage to the Property for a maximum period of 60 months. Where an excess is not recovered from a Tenant or licensee no excess is applied to the policy.

The Issuer and the Borrower confirm that the Property is valued for insurance purposes by Sweett (UK) Limited at £763,567,000. In addition, each of the Issuer and the Borrower confirm that, as at or about the Third Issue Closing Date to the best of its knowledge and belief:

- (a) the Insurances are in full force and effect, all premiums have been paid and there are no material outstanding claims which are reasonably likely to be adversely determined against the owner of the Property;
- (b) there has been no breach of any term of the Insurances that, so far as they are aware, would entitle the relevant insurer to materially avoid such Insurances;
- (c) the Insurances are consistent with good industry practice; and
- (d) the Insurances provide valid insurance cover for the Property in accordance with the requirements of the Issuer/Borrower Facility Agreement. See the section of this Prospectus entitled “*Transaction Overview – Insurances*” on page 16 above and “*Overview of Principal Documents – Issuer/Borrower Facility Agreement – Insurance Covenants*” on page 106 for further details.

The current insurance covering liability of property owners indemnifies the Property for legal liability arising out of, or in respect of, injury to any person and property damage. The limit of the indemnity is £5m for any one product liability occurrence and in aggregate for the period of cover, and £5m for any one public liability occurrence but unlimited in the period of cover. There are an additional three layers of indemnity which total £195m for any one product liability occurrence and in the aggregate for the period of cover, and £195m for any one public liability occurrence but unlimited in the period of cover.

The current insurance policies covering liability of property owners also have a financial loss indemnity of £1m for any one event and in aggregate in the period of insurance which has an excess of £5k for any one event claim.

The engineering combined inspection and insurance policies provide insurance cover of up to £1m for damage to insured property and up to £250k for loss of contents (such as contents from storage tanks) and increase in cost of working.

The Borrower has employers’ liability policies with an indemnity limit of £10m for any one occurrence inclusive of all legal costs and expenses. The policies also provide indemnity cover in respect of the Corporate Manslaughter and Corporate Homicide Act 2007 of up to £5m in aggregate in any one-year period of insurance cover. Please also see the section of this Prospectus entitled “*Risk Factors – Borrower may be insufficiently insured against all losses, damage and limitations of use of its Property*” on page 45 above.

ASSET MANAGEMENT AND PROPERTY ADMINISTRATION

Property Administration

The Property will be managed by Group personnel appointed by the Borrower. The remainder of this section describes in more detail the Group of which the Borrower is a wholly owned subsidiary, and discusses the asset management strategy for the Property.

The Borrower has access to certain facilities management services in relation to the Property including for example cleaning services, security services, maintenance services under contract with Intu Retail Services Limited, a joint venture between intu and Europa Support Services Limited.

Pursuant to the terms of the Issuer/Borrower Facility Agreement, the Borrower covenants to maintain and manage the Property as a retail centre with such leisure facilities and such ancillary food and beverage and other facilities as are appropriate having regard to its type and; to ensure that the Property is managed to the standard of a prudent manager and in accordance with principles of good estate management; and to manage the Property with a view to maximising long term Rental Income and the long term capital value of the Property. The Borrower's continued compliance with this covenant is ensured by means of its access to, and ability to appoint, Group personnel and facilities management services.

Overview of the Group

Intu Properties plc and its Subsidiaries own and manage some of the UK's leading regional shopping centres, including the Property. With over 17 million square feet of retail space valued at £7.4 billion as at 30 June 2013, the Group's 16 UK shopping centres attract some 340 million customer visits a year. Approximately two thirds of the UK population live within a 45 minute drive time of one of the Group's shopping centres. As at 5 November 2013, the Group's properties were approximately 95 per cent. occupied.

The Group intends to invest approximately £1 billion over the next ten years on active management and major extensions across most of its 16 UK shopping centres.

The Group's portfolio of UK shopping centres includes five super-regional centres: the Property, intu Lakeside in Thurrock, intu Braehead in Glasgow, intu MetroCentre in Gateshead and The Mall at Cribbs Causeway near Bristol. The Group also has shopping centres in Cardiff, Manchester, Newcastle, Nottingham, Norwich, Watford, Bromley, Uxbridge and Stoke-on-Trent. The Group, together with a partner, has also recently purchased a shopping centre in northern Spain.

The Property represents approximately 24 per cent. by market value and 11 per cent by area of the Group's total properties. The strategy for managing the Group's portfolio including the Property, is described below in the section headed "*Asset Management Strategy*".

On 15 January 2013, the Group announced the creation of a new nationwide consumer facing shopping centre brand - intu - and the transformation of the Group's digital offer, including a transactional website, to provide the UK's leading shopping centre experience both on-line as well as in-store. The Group's objective is to generate a stronger relationship with consumers, delivering more frequent visits, longer dwell time and increased spend at each individual shopping centre. This aims, in turn, to enhance the Group's shopping centres, including the Property, and their attractiveness to retailers, and open new sources of revenue. At the Property, the signage has been rebranded and free wifi has been installed throughout the venue.

The Group's net rental income for the year ended 31 December 2012 was £363 million; for the six months to 30 June 2013 it was £181 million. Underlying earnings (which excludes valuation and exceptional items) for the year ended 31 December 2012 were £138 million; for the six months to 30 June 2013 they were £68

million. The Group's net assets (diluted, adjusted) increased by £23 million from 31 December 2011 to £3,515 million as at 31 December 2012 and by a further £248 million to £3,763 million at 30 June 2013.

Investors should note that the Peel Group, through Peel Chapel Holdings (IOM) Limited holds a 19.40 per cent. share of the issued share capital of intu and that John Whittaker, the current Deputy Chairman of the intu board of directors also acts as the current Chairman of the board of directors of the Peel Group.

Investors should note that Peel Land and Property Investments PLC ("**Peel Holdings**"), formerly known as Peel Holdings Limited was the former holding company of, inter alios, the Issuer and the Borrower and following a take-private transaction that took place on 19 August 2004 formed ITCGL, but as at the date of this Prospectus, Peel Holdings does not form part of the Group.

The Group's Strategy

The Group's strategy is to provide compelling destinations for shoppers and to be the landlord that retailers "want to do business with" in order to create long-term and sustainable growth in the Group's net rental income and thus generate shareholder returns through dividend growth and capital appreciation.

Through improving the experience of customers and therefore generating footfall, dwell time and customer spending, the Group aims to provide the environment to which leading retailers are attracted and in which they flourish. This is intended to create a virtuous circle which drives the Group's financial return.

The core elements of the Group's strategy are:

- (a) *Providing compelling destinations for shoppers:* the Group aims to establish the best mix of retailers in the best locations across the country, and focuses on providing excellent service, security and facilities together with marketing events that enhance the shopper's experience.
- (b) *Creating a compelling business environment for retailers:* the Group manages shopping centres with some of the highest footfall levels across the UK, providing a compelling attraction for retailers. The Group has a specialist and collaborative approach to retail change and aims to demonstrate operating excellence while managing the centres to provide the right trading environment.
- (c) *Create long-term and sustainable growth in net rental income:* through astute investment and development, and specialist knowledge of emerging occupier and management trends, the Group aims to ensure that its occupancy rates remain strong, and direct costs are efficiently managed, thereby driving net rental income over the long term.
- (d) *Generate superior shareholder returns through dividend growth and capital appreciation:* to ensure that the Group's shopping centres are recognised as prime revenue-generating assets, thereby supporting access to capital and creating value for investors.

The Group's approach to managing its shopping centres is to focus on creating a compelling destination for customers. There is a continuous on-going process of reviewing each shopping centre to identify potential improvements for implementation. Such potential improvements could (subject to the specific circumstances of the relevant shopping centre) typically include:

- (a) identifying growth opportunities for successful existing or potential new retail Tenants, including creating and/or developing improved retail space for such retailers;
- (b) enhancing the overall customer experience beyond the retail element, including developing the catering and wider leisure facilities (including cinema) available within the shopping centres; and
- (c) identifying expansion and development opportunities through acquiring land or buildings adjacent to existing shopping centre sites.

Asset Management Strategy

The Group takes a proactive approach to the management of all of its shopping centre assets, including the Property. Its approach can be summarised as follows:

- securing the right retailers, in the right locations, paying the right rents;
- emphasising international retailers, flagship and new concept stores, and seeking to broaden the catering and leisure offer; and
- organic active management opportunities to widen catchments, extend dwell times and enliven centres, adding theatre and experience to enhance the destination status of the properties in the Group's portfolio.

In the first six months of 2013 the Group agreed 95 new long term leases, with an aggregate of £23m new rental income across all of its portfolio properties (including the Property). These represented a 3% increase from the previous rental income for the same units. In relation to recent leasing activity undertaken at the properties in the Group's portfolio (including the Property), in furtherance of its overall approach to management of the asset as summarised above, the Group has seen:

- international entrants (such as Banana Republic, Victoria's Secret and Forever 21) opening early phase stores at the larger centres;
- growing retailers (such as Apple, Thomas Sabo, Swarovski and Schuh) expanding;
- major existing retailers (such as Next, Topshop and H&M) expanding into larger stores in the best locations;
- catering operators (such as Tragus and Mitchells & Butlers) broadening the range of food and beverage offers; and
- established retailers (such as Arcadia and WH Smith) reconfiguring their existing store portfolio to suit new business models.

Typical lease terms agreed with new or renewing tenants are:

- 10 years at a fixed rental level with an upward-only rent review at the end of year 5;
- turnover-based average often applied (3-4 per cent. of total rent in recent years across the Group's portfolio);
- rent is generally payable by tenants quarterly in advance; and
- tenant incentives include rent free periods and/or contribution to fit-out costs.

USE OF PROCEEDS

The estimated net proceeds from the issue of the Third Issue Class A4 Notes will be £19,857,716, the estimated net proceeds from the issue of the Third Issue Class B3 Notes will be £19,750,125, and the estimated net proceeds from the issue of the Third Issue Class D3 Notes will be £69,167,885, which will be applied towards making the corresponding advances to the Borrower on the Third Issue Closing Date pursuant to the Issuer/Borrower Facility Agreement.

Fees and expenses in connection with the issue of the Third Issue Notes will be paid by the Borrower (to the extent not paid by the Issuer), and will amount approximately to £660,000.

The Borrower will use the proceeds advanced by the Issuer on the Third Issue Closing Date pursuant to the Issuer/Borrower Facility Agreement to make one or more Permitted Payments.

For further information in relation to the types of Permitted Payments that the Issuer may make, investors should refer to the section of this Prospectus entitled "*Overview of Principal Documents – Issuer/Borrower Facility Agreement – Permitted Payments*" on page 101 below.

THE ISSUER

History and Development of the Issuer

The Issuer was incorporated under the Companies Law (2013 Revision) of the Cayman Islands on 5 August 1999 as an exempted company with limited liability having registered number 91678. The registered office of the Issuer is at 89 Nexus Way, Camana Bay, Grand Cayman, Cayman Islands KY1-9007. The telephone number of the Issuer's registered office is 001 345 949 9876.

The authorised share capital of the Issuer is £2.00 divided into 2 ordinary shares of £1.00 each. Both of the fully-paid ordinary shares are held by the Parent. The Issuer has no subsidiaries. The ultimate holding company of the Issuer is Intu Properties plc.

Principal Activities of the Issuer

The principal activities of the Issuer are set out in Clause 3 of its Memorandum of Association and are, *inter alia*, to carry on the business of a property investment company and an investment holding company, to enter into loan arrangements and to issue securities, financial instruments and derivative contracts, raise or borrow money and to grant security over its assets for such purposes and to lend money on a secured or unsecured basis.

The Issuer has not, since its incorporation, engaged in any activities other than those incidental to its incorporation, the authorisation, execution and issue of the Notes, and the documents and matters referred to or contemplated in this Prospectus to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

There is no intention to accumulate surpluses in the Issuer except in the circumstances set out in "Resources Available to the Issuer and the Borrower — Issuer Pre-Enforcement Priority of Payment".

The Issuer will covenant to observe certain restrictions on its activities which are detailed in Condition 3 of the Notes.

Directors and Secretary

The directors and secretary of the Issuer and their respective business addresses and other principal activities are:

Name	Business Address	Function	Significant Principal Activities outside the Issuer
Mike Butterworth	Intu Properties plc 40 Broadway London SW1H 0BT	Director	Chief Operating Officer of Intu Properties plc
David Fischel	Intu Properties plc 40 Broadway London SW1H 0BT	Director	Chief Executive Officer of Intu Properties plc

Matthew Roberts	Intu Properties plc 40 Broadway London SW1H 0BT	Director	Finance Director of Intu Properties plc
Raulin Amy	Ogier House The Esplanade St Helier JE4 9WG	Director	Partner of Ogier Corporate Services (Jersey) Limited
Ogier Secretaries (Cayman) Limited	89 Nexus Way Camara Bay Grand Cayman Cayman Islands KY1-9007	Secretary	Corporate services provider

The directors and secretary of the Issuer have no potential conflicts of interest between any duties to the Issuer and their private interests and/or other duties.

The Issuer has no employees. The directors and secretary of the Issuer have no conflicts of interest.

Capitalisation and Indebtedness Statement

The capitalisation of the Issuer as at 31 December 2013, without adjustment for the Third Issue Notes, is as follows:

Share Capital	£
<i>Issued, allotted and fully paid</i>	
2 Ordinary Shares of £1.00 each	2.00
<i>Borrowings</i>	
Class A1(N) Notes	7,377,048.00
Class A2 Notes	337,632,580.00
Class A3 Notes	188,500,000.00
Original Class B Notes	87,128,400.00
Class B2 Notes	20,000,000.00
Class D1(N) Notes	29,054,025.65
Class D2 Notes	50,000,000.00
Total capitalisation and indebtedness	<u>719,692,055.65</u>

Note: In January 2014 there was a repayment of £3,854,078 across the Class A1(N) Notes, Class A2 Notes, and Class B Notes.

As at 31 December 2013, the Issuer has no other borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

A portion of the Class A3 Notes, the Class B2 Notes and the Class D1(N) Notes were initially purchased and held by the Issuer as reserve notes. However, such reserve notes were sold on 30 January 2006 and, as at the date of this Prospectus, no reserve notes remain outstanding.

Financial Statements of the Issuer

The financial statements of the Issuer are set out under “Financial Statements of the Issuer”.

THE BORROWER

History and development of the Borrower

The Borrower was incorporated in England and Wales on 18 July 1995 (registered number 3080975) with limited liability under the Companies Act 1985. The registered office of the Borrower is at 40 Broadway, London, SW1H 0BT. The telephone number of the registered office is 020 7960 1200.

The issued share capital of the Borrower is £176,553,167 (divided into 22,353,167 ordinary shares held by the Parent, 200,000,000 A preference shares held by ITCGL and 120,200,000 B preference shares held by the Parent (all of which have been issued)). The ultimate holding company of the Borrower is Intu Properties plc. The Borrower has no subsidiaries.

Principal Activities of the Borrower

The Borrower owns the freehold of the Property and operates and manages the retail centre with leisure facilities located within the Property known as intu Trafford Centre (see further “*The Property*” and “*Valuation Report*”).

The Property will be managed by Group personnel appointed by the Borrower, for further information prospective investors should refer to the section of this Prospectus headed ‘*Asset Management and Property Administration*’.

Directors and Secretary

The directors and secretary of the Borrower and their respective business addresses and other principal activities are:

Name	Business Address	Function	Significant Principal Activities outside the Borrower
Martin Ellis	Intu Properties plc 40 Broadway London SW1H 0BT	Director	Construction Director of Intu Properties plc.
David Fischel	Intu Properties plc 40 Broadway London SW1H 0BT	Director	Chief Executive Officer of Intu Properties plc.
Hugh Ford	Intu Properties plc 40 Broadway London SW1H 0BT	Director	General Corporate Counsel of Intu Properties plc.
Gordon McKinnon	The Management Suite intu Trafford Centre Manchester M17 8AA	Director	Director of Operations of Intu Properties plc.

Name	Business Address	Function	Significant Principal Activities outside the Borrower
Matthew Roberts	Intu Properties plc 40 Broadway London SW1H 0BT	Director	Finance Director of Intu Properties plc
Trevor Pereira	Intu Properties plc 40 Broadway London SW1H 0BT	Director	Commercial Director of Intu Properties plc.
Peter Weir	Intu Properties plc 40 Broadway London SW1H 0BT	Director	Group Financial Controller of Intu Properties plc.
Julian Wilkinson	The Management Suite intu Trafford Centre Manchester M17 8AA	Director	Asset Management Director of Intu Properties plc.
Susan Marsden	Intu Properties plc 40 Broadway London SW1H 0BT	Secretary	Company Secretary of companies within the Intu Properties plc Group.

The directors and secretary of the Borrower have no potential conflicts of interest between any duties to the Borrower and their private interests and/or other duties. Brief summaries of the CVs of the directors and the secretary of the Borrower are set out below:

Martin Ellis

Appointed a director of Capital Shopping Centres PLC on 1 October 2005. Initially joined the Group in 1990, and was appointed in 2008 as Managing Director, Liberty International Construction and Development Limited. Following the demerger of the Capital & Counties business in May 2010 he reverted to being intu's Construction Director responsible for development and construction projects.

David Fischel

Appointed Finance Director in 1988, Managing Director in 1992 and Chief Executive in March 2001. Mr Fischel qualified as a chartered accountant in 1983 at Touche Ross & Co before joining the Group in 1985. At Touche Ross, Mr Fischel worked in the corporate finance department with experience in acquisitions, flotations and capital raisings. During his 28 year career with intu, Mr Fischel has gained significant experience in numerous aspects of the shopping centre industry including shopping centre acquisitions and developments. He has also been closely involved with the Group's corporate development including equity and debt financings and a wide range of corporate transactions, including the 2010 demerger of the Capital & Counties business from intu.

Hugh Ford

Appointed General Corporate Counsel to the Group in 2003. Previously he was General Manager Legal at Virgin Atlantic Airways, and before that a commercial lawyer with British Airways Plc. He qualified as a solicitor in 1992 with Freshfields Bruckhaus Deringer LLP.

Gordon McKinnon

Appointed Operations Director in November 2013. He joined the Group as Operations Director, CSC Trafford in January 2011 and became a Regional Centre Director in January 2013. Spent 20 years in various roles with Marks & Spencer before taking up an assignment with Manchester Millenium Limited, the task force rebuilding Manchester city centre following the 1996 IRA bomb. Subsequently appointed Chief Executive of Manchester City Centre Management Company Limited. He was appointed Director of Operations at The Trafford Centre in 2004.

Trevor Pereira

Joined the Group in 2007 as Commercial Director, Capital Shopping Centres PLC. He was appointed Group Commercial Director in October 2011 and Commercial and Digital Director in 2013. Previously worked for BAA plc for 21 years, latterly as Retail and Commercial Director for Heathrow Airport.

Matthew Roberts

Matthew Roberts was previously the Finance Director of Debenhams plc from 1996 to 2003, and Chief Financial Officer of Gala, subsequently Gala Coral Group Ltd, from 2004 to 2008.

Matthew is a Fellow of the Institute of Chartered Accountants in England and Wales, and has gained significant executive level finance experience in his previous positions at Debenhams plc, where he managed its 1998 IPO and ran its international business and property function, and at Gala where he led a number of acquisitions and fundraisings including the creation of a £3 billion debt package following the acquisition of Coral.

Peter Weir

Joined the Group in October 2008 as Group Financial Controller. Previously worked in a number of finance roles in both listed and privately owned companies, most recently before joining the Group as Finance Director – Europe at Fidelity International. A member of ICAS.

Julian Wilkinson

Appointed Director of Asset Management in October 2011, with responsibility for The Trafford Centre, Braehead, Arndale Manchester and Cribbs Causeway Bristol. He joined the Group as Property Director, CSC Trafford in January 2011, responsible for investment and property management. He has held similar positions at Director level over the last 15 years as a retailer and landlord. He was appointed Director of Property at The Trafford Centre in 2006.

Susan Marsden

Joined the Group as Company Secretary on 7 February 2000. Fellow of the Institute of Chartered Secretaries and Administrators. Commenced her career at the London Stock Exchange, and has been Company Secretary of two FTSE real-estate sector companies prior to joining the Group.

Capitalisation and Indebtedness Statement

The capitalisation of the Borrower as at 31 December 2013 without adjustment for the Term Loans to be made to the Borrower on the Third Issue Closing Date, is as follows:

Share Capital	£
<hr/>	
<i>Issued, allotted and fully paid</i>	
22,353,167 Ordinary Shares of £1.00 each	£22,353,167.00
200,000,000 A Preference Shares of 0.17p each	£34,000,000.00
120,200,000 B Preference Shares of £1.00 each	£120,200,000.00
	£176,553,167.00
 <i>Amounts owed to group undertakings</i>	
Term A1(N) Facility	7,377,048.00
Term A2 Facility	337,632,580.00
Term A3 Facility	188,500,000.00
Original Term B Facility	87,128,400.00
Term B2 Facility	20,000,000.00
Term D1(N) Facility	29,054,025.65
Term D2 Facility	50,000,000.00
Total capitalisation and indebtedness	<u>896,245,220.65</u>

Note: In January 2014, there was a repayment of £3,854,078 across the Term A1(N) Facility, Term A2 Facility and Original Term B Facility.

As at 31 December 2013, the Borrower has no other borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

The Borrower has no employees.

The Borrower Year End

The financial year of the Borrower ends on 31 December of each year.

Financial Statements of the Borrower

The financial statements of the Borrower are set out under "*Financial Statements of the Borrower*".

THE PARENT

History and development of the Parent

The Parent was incorporated in England and Wales on 28 June 1999 (registered number 3796924) with limited liability under the Companies Act 1985. The registered office of the Parent is at 40 Broadway, London, SW1H 0BU. The telephone number of the registered office is 020 7960 1200.

The issued share capital of the Parent is £80,000,000 (divided into 80,000,000 ordinary shares held by Intermediate Holdings (all of which have been issued)). The ultimate holding company of the Parent is Intu Properties plc. The Parent has no subsidiaries.

Principal Activities of the Parent

Acting as the holding company of the Borrower.

Directors and Secretary

The directors and secretary of the Parent and their respective business addresses and other principal activities are:

Name	Business Address	Function	Significant Principal Activities outside the Parent
Mike Butterworth	Intu Properties plc 40 Broadway London SW1H 0BU	Director	Chief Operating Officer of Intu Properties plc
David Fischel	Intu Properties plc 40 Broadway London SW1H 0BU	Director	Chief Executive Officer of Intu Properties plc
Matthew Roberts	Intu Properties plc 40 Broadway London SW1H 0BU	Director	Finance Director of Intu Properties plc
Susan Marsden	Intu Properties plc 40 Broadway London SW1H 0BU	Secretary	Company Secretary of companies within the Intu Properties plc Group.

The directors and secretary of the Parent have no potential conflicts of interest between any duties to the Parent and their private interests and/or other duties. Brief summaries of the CVs of the directors and the secretary of the Parent are set out below:

Mike Butterworth

Joined the Group in January 2011 and appointed Chief Operating Officer on 3 October 2011. Formerly the Property Director of Peel Holdings and the Managing Director of The Trafford Centre Limited. A Fellow of the Royal Institution of Chartered Surveyors.

David Fischel

Appointed Finance Director in 1988, Managing Director in 1992 and Chief Executive in March 2001. Mr Fischel qualified as a chartered accountant in 1983 at Touche Ross & Co before joining the Group in 1985. At Touche Ross, Mr Fischel worked in the corporate finance department with experience in acquisitions, flotations and capital raisings. During his 28 year career with intu, Mr Fischel has gained significant experience in numerous aspects of the shopping centre industry including shopping centre acquisitions and developments. He has also been closely involved with the Group's corporate development including equity and debt financings and a wide range of corporate transactions, including the 2010 demerger of the Capital & Counties business from intu.

Matthew Roberts

Matthew Roberts was previously the Finance Director of Debenhams plc from 1996 to 2003, and Chief Financial Officer of Gala, subsequently Gala Coral Group Ltd, from 2004 to 2008.

Matthew is a Fellow of the Institute of Chartered Accountants in England and Wales, and has gained significant executive level finance experience in his previous positions at Debenhams plc, where he managed its 1998 IPO and ran its international business and property function, and at Gala where he led a number of acquisitions and fundraisings including the creation of a £3 billion debt package following the acquisition of Coral.

Susan Marsden

Joined the Group as Company Secretary on 7 February 2000. Fellow of the Institute of Chartered Secretaries and Administrators. Commenced her career at the London Stock Exchange, and has been Company Secretary of two FTSE real-estate sector companies prior to joining the Group.

Capitalisation and Indebtedness Statement

The capitalisation of the Parent as at 31 December 2013, is as follows:

Share Capital	£
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<i>Issued, allotted and fully paid</i>	
80,000,000 Ordinary Shares of £1.00 each	£80,000,000
Total capitalisation and indebtedness	<u>£80,000,000</u>

As at 31 December 2013, the Parent has no other borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

The Parent has no employees.

The Parent Year End

The financial year of the Parent ends on 31 December of each year.

Financial Statements of the Parent

The financial statements of the Parent are set out under “*Financial Statements of the Parent*”.

INTERMEDIATE HOLDINGS

History and development of Intermediate Holdings

Intermediate Holdings was incorporated in England and Wales on 4 August 1999 (registered number 3822219) with limited liability under the Companies Act 1985. The registered office of Intermediate Holdings is at 40 Broadway, London, SW1H 0BU. The telephone number of the registered office is 020 7960 1200.

The issued share capital of Intermediate Holdings is £80,000,000 (divided into 80,000,000 ordinary shares held by ITCGL (all of which have been issued)). The ultimate holding company of Intermediate Holdings is Intu Properties plc. The Parent is the sole subsidiary of Intermediate Holdings.

Principal Activities of Intermediate Holdings

Acting as the holding company of the Parent.

Directors and Secretary

The directors and secretary of Intermediate Holdings and their respective business addresses and other principal activities are:

Name	Business Address	Function	Significant Principal Activities outside Intermediate Holdings
Mike Butterworth	Intu Properties plc 40 Broadway London SW1H 0BU	Director	Chief Operating Officer of Intu Properties plc
David Fischel	Intu Properties plc 40 Broadway London SW1H 0BU	Director	Chief Executive Officer of Intu Properties plc
Matthew Roberts	Intu Properties plc 40 Broadway London SW1H 0BU	Director	Finance Director of Intu Properties plc
Susan Marsden	Intu Properties plc 40 Broadway London SW1H 0BU	Secretary	Company Secretary of companies within the Intu Properties plc Group.

The directors and secretary of Intermediate Holdings have no potential conflicts of interest between any duties to Intermediate Holdings and their private interests and/or other duties. Brief summaries of the CVs of the directors and the secretary of Intermediate Holdings are set out below:

Mike Butterworth

Joined the Group in January 2011 and appointed Chief Operating Officer on 3 October 2011. Formerly the Property Director of Peel Holdings and the Managing Director of The Trafford Centre Limited. A Fellow of the Royal Institution of Chartered Surveyors.

David Fischel

Appointed Finance Director in 1988, Managing Director in 1992 and Chief Executive in March 2001. Mr Fischel qualified as a chartered accountant in 1983 at Touche Ross & Co before joining the Group in 1985. At Touche Ross, Mr Fischel worked in the corporate finance department with experience in acquisitions, flotations and capital raisings. During his 28 year career with intu, Mr Fischel has gained significant experience in numerous aspects of the shopping centre industry including shopping centre acquisitions and developments. He has also been closely involved with the Group's corporate development including equity and debt financings and a wide range of corporate transactions, including the 2010 demerger of the Capital & Counties business from intu.

Matthew Roberts

Matthew Roberts was previously the Finance Director of Debenhams plc from 1996 to 2003, and Chief Financial Officer of Gala, subsequently Gala Coral Group Ltd, from 2004 to 2008.

Matthew is a Fellow of the Institute of Chartered Accountants in England and Wales, and has gained significant executive level finance experience in his previous positions at Debenhams plc, where he managed its 1998 IPO and ran its international business and property function, and at Gala where he led a number of acquisitions and fundraisings including the creation of a £3 billion debt package following the acquisition of Coral.

Susan Marsden

Joined the Group as Company Secretary on 7 February 2000. Fellow of the Institute of Chartered Secretaries and Administrators. Commenced her career at the London Stock Exchange, and has been Company Secretary of two FTSE real-estate sector companies prior to joining the Group.

Capitalisation and Indebtedness Statement

The capitalisation of Intermediate Holdings as at 31 December 2013, is as follows:

Share Capital	£
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<i>Issued, allotted and fully paid</i>	
80,000,000 Ordinary Shares of £1.00 each	£80,000,000
Total capitalisation and indebtedness	<u>£80,000,000</u>

As at 31 December 2013, Intermediate Holdings has no other borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Intermediate Holdings has no employees.

Intermediate Holdings Year End

The financial year of Intermediate Holdings ends on 31 December of each year.

Financial Statements of Intermediate Holdings

The financial statements of Intermediate Holdings are set out under “*Financial Statements of Intermediate Holdings*”.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions (the “Conditions” and any reference to a “Condition” shall be construed accordingly) of the Notes (which, for the avoidance of doubt, apply to all Notes currently outstanding and shall be deemed to amend the Conditions applicable to such classes accordingly) in the form (subject to amendment) in which they will be set out in the Third Issue Note Trust Deed.

The £20,000,000 Class A4 2.875% Secured Notes due 2024 (the “**Third Issue Class A4 Notes**”), the £20,000,000 Class B3 4.250% Secured Notes due 2029 (the “**Third Issue Class B3 Notes**”) and the £70,000,000 Class D3 4.750% Secured Notes due 2029 (the “**Third Issue Class D3 Notes**” and together with the Third Issue Class A4 Notes and the Third Issue Class B3 Notes, the “**Third Issue Notes**”) in each case of The Trafford Centre Finance Limited (the “**Issuer**”) are constituted by a supplemental note trust deed (the “**Third Issue Note Trust Deed**”) dated 4 March 2014 or such later date as may be agreed by the Issuer, the Lead Managers, the Security Trustee and the Note Trustee (the “**Third Issue Closing Date**”) made between the Issuer and Deutsche International Custodial Services Limited (formerly known as Deutsche International Trustee Services (C.I.)) Limited (the “**Note Trustee**”, which expression includes its successors or any further or other trustee under the Note Trust Deed (as defined below)) as trustee for the holders for the time being of the Third Issue Notes (the “**Third Issue Noteholders**” (as more fully defined below), the holders for the time being of the Original Notes (as defined below) (the “**Original Noteholders**”) and the holders for the time being of the Second Issue Notes (as defined below) (the “**Second Issue Noteholders**”), and the holders for the time being of any Coupons attached to the Original Notes issued in definitive form (the “**Original Couponholders**”), any Coupons attached to the Second Issue Notes issued in definitive form (the “**Second Issue Couponholders**”) and any Coupons attached to the Third Issue Notes issued in definitive form (the “**Third Issue Couponholders**”, and the Original Couponholders, the Second Issue Couponholders and the Third Issue Couponholders are together the “**Couponholders**”).

Any reference to a class of Notes or of Noteholders or of Coupons or of Couponholders shall be a reference to any, or all of, the respective Original Notes, the Second Issue Notes and/or Third Issue Notes or Coupons in respect of the Original Notes, the Second Issue Notes or the Third Issue Notes or any, or all of, their respective holders, as the case may be.

The Third Issue Note Trust Deed is supplemental to a note trust deed dated 28 February 2000 (the “**Original Closing Date**”) between the Issuer and the Note Trustee (the “**Original Note Trust Deed**”), a first supplemental note trust deed dated 31 March 2000 (the “**First Supplemental Note Trust Deed**”) and a second supplemental note trust deed dated 27 June 2005 (the “**Second Issue Note Trust Deed**” and together with the Original Note Trust Deed, the First Supplemental Note Trust Deed and the Third Issue Note Trust Deed, the “**Note Trust Deed**” which expression includes such Note Trust Deed as from time to time modified in accordance with the provisions contained therein and any further deed or other document expressed to be supplemental thereto, as from time to time modified) each made between the Issuer and the Note Trustee pursuant to which:

- (1) the £340,000,000 Class A2 6.50 per cent. Secured Notes due 2033 (the “**Class A2 Notes**” and the “**Original Class A Notes**”);
- (2) the £120,000,000 Class B 7.03 per cent. Secured Notes due 2029 (the “**Original Class B Notes**”);
- (3) the £50,000,000 Class D2 8.28 per cent. Secured Notes due 2022 (the “**Class D2 Notes**” or the “**Original Class D Notes**” and the Original Class A Notes, the Original Class B Notes and the Original Class D Notes are together the “**Original Notes**”);
- (4) the £76,500,000 Class A1(N) Floating Rate Secured Notes due 2015 (the “**Class A1(N) Notes**”);

- (5) the £188,500,000 Class A3 Floating Rate Secured Notes due 2038 (the “**Class A3 Notes**” and together with the Class A1(N) Notes, the “**Second Issue Class A Notes**”),
- (6) the £20,000,000 Class B2 Floating Rate Secured Notes due 2038 (the “**Class B2 Notes**” or the “**Second Issue Class B Notes**”);
- (7) the £69,550,000 Class D1(N) Floating Rate Secured Notes due 2035 (the “**Class D1(N) Notes**” or the “**Second Issue Class D Notes**” and together with the Second Issue Class A Notes and the Second Issue Class B Notes, the “**Second Issue Notes**”); and
- (8) the Third Issue Notes,

of the Issuer are constituted. The Third Issue Notes are, together with the Original Notes, the “**Fixed Rate Notes**” except, in each case, where the context otherwise requires.

The Original Class A Notes, the Second Issue Class A Notes and the Third Issue Class A4 Notes are, together, the “**Class A Notes**”. The Original Class B Notes, the Second Issue Class B Notes and the Third Issue Class B3 Notes are, together, the “**Class B Notes**”. The Original Class D Notes, the Second Issue Class D Notes and the Third Issue Class D3 Notes are, together, the “**Class D Notes**”.

The Original Notes, the Second Issue Notes and the Third Issue Notes are, together, the “**Notes**”.

Each defined expression for a class of Notes, as well as New Notes, Replacement Notes and Notes shall in these Conditions, unless the context otherwise requires, include any Further Notes issued pursuant to Condition 16(a).

The security for the Notes was created pursuant to and on terms set out in a deed of charge and assignment (the “**Original Issuer Deed of Charge**”) dated 28 February 2000 and made between, *inter alios*, the Issuer, Bankers Trustee Company Limited (now Deutsche Trustee Company Limited) as security trustee (the “**Security Trustee**”, which expression includes its successors or any further or other trustee under the security trust deed dated 28 February 2000 and made between, *inter alios*, the Issuer and the Security Trustee as supplemented by a supplemental deed dated on or about 6 August 2003, a further supplemental deed dated on or about 27 June 2005, and a further supplemental deed dated on or about the Third Issue Closing Date, the “**Security Trust Deed**”) and the Note Trustee, as amended and supplemented by a supplemental deed of charge dated on or about 27 June 2005 (the “**Second Issue Issuer Deed of Charge**”), and by a further supplemental deed of charge dated on or about the Third Issue Closing Date (the “**Third Issue Issuer Deed of Charge**” and together with the Original Issuer Deed of Charge and the Second Issue Issuer Deed of Charge, the “**Issuer Deed of Charge**” which expression includes such deed of charge and assignment as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified).

Provision is made for, *inter alia*, the payment of principal, premium (if any) and interest in respect of the Notes of each class by an agency agreement (the “**Original Agency Agreement**”) dated 28 February 2000 and made between the Issuer, the Note Trustee, the Security Trustee and Deutsche Bank AG, London Branch as principal paying agent (in such capacity the “**Principal Paying Agent**” which expression includes any successors or any further or other principal paying agent appointed under the Agency Agreement (as defined below) and in a separate capacity under the same agreement as agent bank (in such capacity the “**Agent Bank**” which expression includes any successors or any further or other agent bank appointed under the Agency Agreement) (the Principal Paying Agent together with any further or other paying agents for the time being appointed in respect of the Notes being together the “**Paying Agents**” and, together with the Agent Bank the “**Agents**”).

By an amended and restated agency agreement dated on or about 27 June 2005 (the “**Second Issue Agency Agreement**”), and by a further amended and restated agency agreement dated on or about the Third Issue Closing Date (the “**Third Issue Agency Agreement**” and together with the Original Agency Agreement and the Second Issue Agency Agreement, the “**Agency Agreement**” which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified), the terms of the Original Agency Agreement have been amended and restated so that the services supplied by the Agents thereunder are also supplied by the Agents in relation to the Second Issue Notes and Third Issue Notes. The statements in these Conditions include summaries of and are subject to the detailed provisions of the Note Trust Deed, the Agency Agreement and the Issuer Deed of Charge. Copies of the Original Note Trust Deed, the First Supplemental Note Trust Deed, the Second Issue Note Trust Deed, the Third Issue Note Trust Deed, the Original Agency Agreement, the Second Issue Agency Agreement, the Third Issue Agency Agreement, the Original Issuer Deed of Charge, the Second Issue Issuer Deed of Charge, the Third Issue Issuer Deed of Charge, the Original Master Definitions and Construction Agreement (as defined below), the Second Issue Master Definitions and Construction Agreement (as defined below) and the Third Issue Master Definitions and Construction Agreement (as defined below) are available for inspection during normal business hours on any Business Day (as defined in Condition 4(b)) by the Noteholders at the principal London office for the time being of the Principal Paying Agent, being at the date hereof at Winchester House, 1 Great Winchester Street, London EC2N 2DB and will be so available at the specified office of any other Paying Agent. The Noteholders are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of and definitions contained in the Note Trust Deed, the Issuer Deed of Charge, the Agency Agreement and a master definitions and construction agreement dated 28 February 2000 (the “**Original Master Definitions and Construction Agreement**”) made between, *inter alios*, the Issuer and the Note Trustee as amended and restated by an amended and restated master definitions and construction agreement dated on or about 27 June 2005 (the “**Second Issue Master Definitions and Construction Agreement**”), by an amended and restated master definitions and construction agreement dated 30 June 2005 (the “**Amended and Restated Second Issue Master Definitions and Construction Agreement**”) and by an amended and restated master definitions and construction agreement dated the Third Issue Closing Date (the “**Third Issue Master Definitions and Construction Agreement**” and together with the Original Master Definitions and Construction Agreement, the Amended and Restated Second Issue Master Definitions and Construction Agreement and the Second Issue Master Definitions and Construction Agreement, the “**Master Definitions and Construction Agreement**”, which expression includes such master definitions and construction agreement as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto) as from time to time modified and the documents referred to in each of them.

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions and Construction Agreement. The issue of the Original Notes was authorised by a resolution of the board of directors of the Issuer passed on 23 February 2000. The issue of the Second Issue Notes was authorised by a resolution of the board of directors of the Issuer passed on 23 June 2005. The issue of the Third Issue Notes was authorised by a resolution of the board of directors of the Issuer passed on 17 February 2014.

A portion of the Class A3 Notes, the Class B2 Notes and the Class D1(N) Notes were initially purchased and held by the Issuer as reserve notes. However, such reserve notes were sold on 30 January 2006 and the Class A3 Global Note, the Class B2 Global Note and the Class D1(N) Global Note were each increased by an amount equal to the Principal Amount Outstanding of such Notes as sold.

The entire principal amount outstanding of the £50,000,000 Class A1 Floating Rate Secured Notes due 2013 and the £50,000,000 Class D1 Floating Rate Secured Notes due 2017 issued on the Original Closing Date were redeemed by the Issuer on the Interest Payment Date falling in July 2005.

1 Form, Denomination and Title

- (a) Each class of Original Notes (subject to *pro rata* redemption as hereinafter provided) was initially represented by a temporary global note (each a “**Temporary Global Note**”) in bearer form without Coupons (as defined below) in the aggregate principal amount of £340,000,000 for the Class A2 Notes (the “**Class A2 Temporary Global Note**”), £120,000,000 for the Original Class B Notes (the “**Original Class B Temporary Global Note**”) and £50,000,000 for the Class D2 Notes (the “**Class D2 Temporary Global Note**”). The Class A2 Temporary Global Note, the Original Class B Temporary Global Note and the Class D2 Temporary Global Note are together the “**Original Temporary Global Notes**”. Since the Original Closing Date, the Original Temporary Global Notes have been exchanged for permanent global notes (each, a “**Permanent Global Note**”) and together the “**Original Permanent Global Notes**” or the “**Original Global Notes**”).
- (b) Each class of Second Issue Notes (subject to *pro rata* redemption as hereinafter provided) was initially represented on issue as follows:
- (i) in the case of the Class A1(N) Notes, by a Temporary Global Note in bearer form without Coupons (as defined below) in the aggregate principal amount of £76,500,000 (the “**Class A1(N) Temporary Global Note**”). Since the Second Issue Closing Date, the Class A1(N) Temporary Global Note has been exchanged for a permanent global note (the “**Class A1(N) Permanent Global Note**”) and together with the Class A1(N) Temporary Global Note, the “**Class A1(N) Global Notes**”); and
- (ii) in the case of the Class A3 Notes, Class B2 Notes and Class D1(N) Notes, by a separate global note for each class (each a “**C Rule Global Note**”) in bearer form without Coupons in the aggregate principal amount of £188,500,000 for the Class A3 Notes the “**Class A3 Global Note**”), £20,000,000 for the Class B2 Notes the “**Class B2 Global Note**”) and £69,550,000 for the Class D1(N) Notes the “**Class D1(N) Global Note**”). The C Rule Global Notes were not Temporary Global Notes, and were not exchangeable for Permanent Global Notes.
- (c) Each class of Third Issue Notes (subject to *pro rata* redemption as hereinafter provided) will be initially represented on issue as follows:
- (i) in the case of the Third Issue Class A4 Notes, by a Temporary Global Note in bearer form without Coupons (as defined below) in the aggregate principal amount of £20,000,000 (the “**Third Issue Class A4 Temporary Global Note**”). Interests in the Third Issue Class A4 Temporary Global Note are exchangeable on and after the date which is 40 days after the Third Issue Closing Date (the “**Third Issue Exchange Date**”), provided certification of non-US beneficial ownership by the relevant Third Issue Class A4 Noteholder has been received, for interests in a permanent global note (also a Permanent Global Note) (the “**Third Issue Class A4 Permanent Global Note**”) without Coupons. The Third Issue Class A4 Temporary Global Note and the Third Issue Class A4 Permanent Global Note are together the “**Third Issue Class A4 Global Notes**”);
- (ii) in the case of the Third Issue Class B3 Notes, by a Temporary Global Note in bearer form without Coupons (as defined below) in the aggregate principal amount of £20,000,000 (the “**Third Issue Class B3 Temporary Global Note**”). Interests in the Third Issue Class B3

Temporary Global Note are exchangeable on and after the Third Issue Exchange Date, provided certification of non-US beneficial ownership by the relevant Third Issue Class B3 Noteholder has been received, for interests in a permanent global note (also a Permanent Global Note) (the “**Third Issue Class B3 Permanent Global Note**”) without Coupons. The Third Issue Class B3 Temporary Global Note and the Third Issue Class B3 Permanent Global Note are together the “**Third Issue Class B3 Global Notes**”; and

- (iii) in the case of the Third Issue Class D3 Notes, by a Temporary Global Note in bearer form without Coupons (as defined below) in the aggregate principal amount of £70,000,000 (the “**Third Issue Class D3 Temporary Global Note**” and together with the Third Issue Class A4 Temporary Global Note and the Third Issue Class B3 Temporary Global Note, the “**Third Issue Temporary Global Notes**”). Interests in the Third Issue Class D3 Temporary Global Note are exchangeable on and after the Third Issue Exchange Date, provided certification of non-US beneficial ownership by the relevant Third Issue Class D3 Noteholder has been received, for interests in a permanent global note (also a Permanent Global Note) (the “**Third Issue Class D3 Permanent Global Note**” and together with the Third Issue Class A4 Permanent Global Note and the Third Issue Class B3 Permanent Global Note, the “**Third Issue Permanent Global Notes**”) without Coupons. The Third Issue Class D3 Temporary Global Note and the Third Issue Class D3 Permanent Global Note are together the “**Third Issue Class D3 Global Notes**”, and the Third Issue Class A4 Global Notes, the Third Issue Class B3 Global Notes and the Third Issue Class D3 Global Notes are together the “**Third Issue Global Notes**”.

The expressions “**Global Notes**” and “**Global Note**” mean, respectively, (i) all of the Temporary Global Notes and the Permanent Global Notes or the Temporary Global Note and the Permanent Global Note of a particular class and (ii) any of the Temporary Global Notes or Permanent Global Notes, as the context may require).

- (d) The Third Issue Global Notes will be deposited on behalf of the subscribers of the relevant class of Notes with a common depository (the “**Common Depository**”) for Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) on the Third Issue Closing Date. Upon deposit of the Third Issue Global Notes, Clearstream, Luxembourg or Euroclear (as the case may be) will credit each subscriber of Notes other than the Issuer with the principal amount of Notes of the relevant class equal to the principal amount thereof for which it had subscribed and paid.
- (e) Title to the Global Notes will pass by delivery. The Permanent Global Notes will be exchangeable for Definitive Notes (as defined below) of the appropriate class in only certain limited circumstances described below.
- (f) For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or Euroclear, as appropriate.
- (g) In the case of the Third Issue Permanent Global Notes, if Clearstream, Luxembourg or Euroclear is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Note Trustee is then in existence, then the Issuer will issue Notes in definitive form (“**Definitive Notes**”) in exchange for the whole outstanding interest in the relevant Third Issue Permanent Global Note within 30 days of the occurrence of the relevant event.
- (h) Definitive Notes (which, if issued, will be in the denomination of £100,000 and integral multiples of £1,000 in excess thereof each in respect of the relevant class of Third Issue Notes) will be serially

numbered and will be issued in bearer form with (at the date of issue) interest coupons (“**Interest Coupons**”) and principal coupons (“**Principal Coupons**”) (severally or together, “**Coupons**”, which expression includes talons for further Coupons except where the context otherwise requires) and one talon for further Coupons attached. Title to the Definitive Notes and Coupons shall pass by delivery.

- (i) The holder of any Definitive Note and the holder of any Coupon may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Definitive Note or Coupon, as the case may be, regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon.
- (j) “**Noteholders**” means each person who is for the time being shown in the records of Clearstream, Luxembourg or Euroclear as the holder of a particular Principal Amount Outstanding (as defined in Condition 5(d)) (other than Clearstream, Luxembourg or Euroclear), in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of Notes standing to the account of any person shall be conclusive and binding for all purposes, and such person shall be treated by the Issuer and the Note Trustee as the holder of such Principal Amount Outstanding of such Notes for all purposes, other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Issuer, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and for which purpose “**Noteholders**” means the bearer of the relevant Global Note; and (ii) in relation to any Definitive Notes issued under paragraph (e) above, the bearers of those Definitive Notes;
- (k) References to “**Notes**” shall include the Original Notes, the Second Issue Notes and the Third Issue Notes, the Global Notes and the Definitive Notes. References to “**Third Issue Notes**” shall include the Third Issue Notes, any Third Issue Notes held in global form and any Third Issue Notes held in definitive form. References to “**Original Notes**” shall include the Original Notes, any Original Notes held in global form and any Original Notes held in definitive form. References to “**Second Issue Notes**” shall include the Second Issue Notes, any Second Issue Notes held in global form and any Second Issue Notes held in definitive form.

2 Status, Security and Priority

(A) *Status and relationship between the Notes*

- (a) The Class A Notes and the Coupons relating thereto constitute direct, secured and unconditional obligations of the Issuer and are secured by the same security that secures the Class B Notes and the Class D Notes. The Class A Notes rank *pari passu* as between the Original Class A Notes, the Second Issue Class A Notes and the Third Issue Class A4 Notes and as between each individual class of the Class A Notes without preference or priority amongst themselves (save in respect of any Class A3 Step-up Amount).
- (b) The Class B Notes and the Coupons relating thereto constitute direct, secured and unconditional obligations of the Issuer and are secured by the same security that secures the Class A Notes and the Class D Notes. The Class B Notes rank *pari passu* as between the Original Class B Notes, the Second Issue Class B Notes and the Third Issue Class B3 Notes and as between each individual class of the Class B Notes without preference or priority amongst themselves (save in respect of any Class B2 Step-up Amount) but junior to the Class A Notes as provided in these Conditions and the Relevant Documents.

- (c) The Class D Notes and the Coupons relating thereto constitute direct, secured and unconditional obligations of the Issuer and are secured by the same security that secures the Class A Notes and the Class B Notes. The Class D Notes rank *pari passu* as between the Original Class D Notes, the Second Issue Class D Notes and the Third Issue Class D3 Notes and as between each individual class of the Class D Notes without preference or priority amongst themselves) (save in respect of any Class D1(N) Step-up Amount) but junior to the Class A Notes and the Class B Notes as provided in these Conditions and the Relevant Documents.
- (d)
- (i) The Note Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the holders of the Class A Notes, the Class B Notes and the Class D Notes equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee thereunder (except where expressly provided therein otherwise) but requiring the Note Trustee, in any such case, to have regard to the interests of only:
- (A) (for so long as there are any Class A Notes outstanding (as that term is defined in the Note Trust Deed)) the Class A Noteholders (as a single class) if, in the Note Trustee's opinion, there is a conflict between the interests of:
- (x) the Class A Noteholders of any class; and
- (y) the interests of the Class B Noteholders and/or the Class D Noteholders of either class; or
- (B) (if there are no Class A Notes outstanding) the interests of the Class B Noteholders (as a single class) if, in the Note Trustee's opinion, there is a conflict between the interests of:
- (x) the Class B Noteholders of any class; and
- (y) the interests of the Class D Noteholders of any class; or
- (C) (if the Class A Notes are outstanding but are not affected by the relevant conflict) the interests of the Class B Noteholders (as a single class) if, in the Note Trustee's opinion, there is a conflict between the interests of:
- (x) the Class B Noteholders of any class; and
- (y) the interests of the Class D Noteholders of any class;
- (ii) The Issuer Deed of Charge contains provisions requiring the Security Trustee to have regard to the interests of the Issuer Secured Parties equally as regards all rights, powers, trusts, authorities, duties and discretions of the Security Trustee thereunder (except where expressly provided therein otherwise), but requiring the Security Trustee, in any such case, to have regard (except where specifically provided otherwise) to:
- (A) the interests of only the Class A Noteholders (as a single class) if, in the Security Trustee's opinion, there is a conflict between the interests of:
- (x) the Class A Noteholders of any class (as determined by the Security Trustee); and
- (y) the other Issuer Secured Parties (or any one or combination of them); and

- (B) subject as provided in sub-paragraph (A) above, the interests of only the Class B Noteholders (as a single class) if, in the Security Trustee’s opinion, there is a conflict between the interests of:
 - (x) the Class B Noteholders of any class (as determined by the Security Trustee); and
 - (y) the other Issuer Secured Parties (or any one or combination of them); and
- (C) subject as provided in sub-paragraphs (A) and (B) above, the interests of only the Class D Noteholders (as a single class) if, in the Security Trustee’s opinion, there is a conflict between the interests of:
 - (x) the Class D Noteholders of any class (as determined by the Note Trustee); and
 - (y) the other Issuer Secured Parties (or any one or combination of them).
- (e) In the event of an issue of Replacement Notes (as defined in Condition 16(b)) or New Notes (as defined in Condition 16(c)), the provisions of the Note Trust Deed, these Conditions and the Issuer Deed of Charge, including those concerning:
 - (i) the basis on which the Note Trustee and the Security Trustee will be required to exercise their respective rights, powers, trusts, authorities, duties and discretions (including in circumstances where, in the opinion of the Security Trustee, there is a conflict between the interests of any of the Issuer Secured Parties), as referred to in this Condition 2(A);
 - (ii) the circumstances in which the Note Trustee and the Security Trustee will become bound to take action, as referred to in Condition 10;
 - (iii) meetings of Noteholders and the passing of effective Extraordinary Resolutions; and
 - (iv) the order of priority of payments both prior to, and upon, enforcement of the Issuer Deed of Charge,

will be modified in such manner as the Note Trustee or, as the case may be, the Security Trustee considers necessary to reflect the issue of such Replacement Notes or, as the case may be, New Notes and the ranking thereof in relation to each other and to the Class A Notes, the Class B Notes and the Class D Notes.

If any New Notes are issued while the Notes are listed on the Official List and admitted to trading on the London Stock Exchange plc’s (the “**London Stock Exchange**”) regulated market for listed securities, the Issuer will advise the London Stock Exchange and the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (the “**United Kingdom Listing Authority**”) accordingly.

- (f) The Note Trustee and the Security Trustee shall be entitled to assume, for the purpose of exercising any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the other Relevant Documents, that such exercise will not be materially prejudicial to the interests of the Class A Noteholders or, as the case may be, the Class B Noteholders or, as the case may be, the Class D Noteholders if the Rating Agencies (as defined in Condition 14) have confirmed that no Rating Event (as defined in the Master Definitions and

Construction Agreement) in relation to the Class A Notes or, as the case may be, the Class B Notes or, as the case may be, the Class D Notes would occur as a result of such exercise.

- (g) The Note Trust Deed contains provisions limiting the powers of the Class B Noteholders and/or the Class D Noteholders, inter alia, to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders or, as the case may be, the Class B Noteholders. Except in certain circumstances, the Note Trust Deed contains no such limitation on the powers of the Class A Noteholders or, if there are no Class A Notes outstanding, the Class B Noteholders, the exercise of which will be binding on the Class B Noteholders and/or the Class D Noteholders, as the case may be, irrespective of the effect thereof on their interests.

(B) *Security*

As security for the payment of all monies payable in respect of the Notes and otherwise under the Note Trust Deed (including the remuneration, expenses and any other claims of the Security Trustee and the Note Trustee and any receiver appointed by the Security Trustee), and for the payment of certain other amounts, the Issuer has entered into the Issuer Deed of Charge creating the security more fully described in the Issuer Deed of Charge in favour of the Security Trustee for itself and on trust for the other Issuer Secured Parties.

On enforcement of the Issuer Deed of Charge and acceleration of the Issuer/Borrower Facility Agreement, the Security Trustee is required under the Issuer Deed of Charge to apply monies available for distribution according to the order of priority set out in the Issuer Deed of Charge.

If any Further Notes, Replacement Notes or New Notes are issued by the Issuer in accordance with these Conditions, the Issuer Post-Enforcement Priority of Payments will be amended to account for the payments to be made by the Issuer in respect of the same as agreed by, as the case may be, the Note Trustee and/or the Security Trustee.

The Issuer Deed of Charge will become enforceable upon the Note Trustee giving a Note Enforcement Notice (as defined in Condition 9(c)) to the Issuer provided that, if the Issuer Deed of Charge has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of the assets charged under the Issuer Deed of Charge or any part thereof unless (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Issuer Deed of Charge to be paid *pari passu* with, or in priority to, the Notes or (ii) the Security Trustee is of the opinion, which shall be binding on the Noteholders, reached after considering at any time and from time to time the advice upon which the Security Trustee shall be entitled to rely of such professional advisers as are selected by the Security Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and any amounts required under the Issuer Deed of Charge to be paid *pari passu* with, or in priority to, the Notes or (iii) the Security Trustee considers, in its discretion, that not to effect such disposal would place the security created by the Issuer Deed of Charge (or any part thereof) in jeopardy. In respect of all rights, powers, trusts, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise), the Security Trustee will (subject to the provisions of Condition 2(A)(d)(ii)) be obliged to consider the interests of the Noteholders equally and, so long as any of the Notes are outstanding, the Security Trustee shall, as regards all powers, trusts, authorities, duties and discretions of the Security Trustee (except where expressly provided in

the Issuer Deed of Charge otherwise), have no regard to the interests of, and will be relieved of all duties and liabilities to, the other Issuer Secured Parties.

3 Covenants

Save with the prior written consent of the Security Trustee, the Issuer shall not, so long as any Note remains outstanding, or unless otherwise provided in or envisaged by these Conditions or the other Relevant Documents:

(a) *Negative Pledge*

create or permit to subsist any mortgage, sub-mortgage, charge, sub-charge, pledge, lien (unless arising by operation of law), hypothecation or other security interest whatsoever over any of its assets (including any uncalled capital) or its undertaking, present or future, or sell or otherwise dispose of the whole or any part of its assets (including any uncalled capital) or its undertaking, present or future, or the security created by the Issuer Deed of Charge;

(b) *Restrictions on Activities*

- (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities which the Relevant Documents provide or envisage that the Issuer will engage in;
- (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 2006) or any employees or premises; or
- (iii) amend, supplement or otherwise modify its Memorandum and Articles of Association;

(c) *Disposal of Assets*

transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein;

(d) *Dividends or Distributions*

pay any dividend or make any other distribution to its shareholders or issue any further shares, other than in accordance with the Issuer Deed of Charge;

(e) *Borrowings*

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever, except in respect of the Notes, any Further Notes (as defined in Condition 16), Replacement Notes or New Notes or the Liquidity Facility Agreement or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(f) *Merger*

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(g) *Other*

permit the validity or effectiveness of any of the Relevant Documents, or the priority of the security interests created thereby, to be amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of, the Note Trust

Deed, these Conditions, the Issuer Deed of Charge or any of the other Relevant Documents, or permit any party to any of the Relevant Documents or any other person whose obligations form part of the Issuer Charged Property to be released from such obligations, or dispose of any part of the Issuer Charged Property, save as envisaged in or permitted pursuant to the Relevant Documents to which it is a party;

(h) *VAT*

apply to become part of any group for the purposes of section 43 of the Value Added Tax Act 1994 with any other company or group of companies, or any such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal the Value Added Tax Act 1994, unless required to do so by law, or do or permit any act or thing which might reasonably be expected to give rise to a direction, pursuant to Schedule 9A of that Act, which might require the Issuer to be treated as a member of any group for the purposes of section 43 of that Act;

(i) *Bank accounts*

have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Security Trustee on written terms acceptable to it;

(j) *Surrender of group relief*

offer or consent to surrender to any company any amounts which are available for surrender by way of group relief within Part 5 of the Corporation Tax Act 2010, except for full payment at the current applicable rate of corporation tax applied to the surrendered amount and payable at the date when corporation tax is due to be paid by the claimant or would be due in the absence of the surrender;

(k) *Tax residence*

do any act or thing the effect of which would be to make the Borrower or the Issuer resident for tax purposes in any jurisdiction (other than the United Kingdom) as a result of which any withholding or similar tax or deduction would be imposed on payments by the Borrower to the Issuer under the Issuer/Borrower Facility Agreement; or

(l) *Group Payment Arrangements*

enter into arrangements with other companies and/or HM Revenue & Customs providing for the discharge of any other company's corporation tax liability by it.

In giving any consent to the foregoing, the Security Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Relevant Documents or may impose such other conditions or requirements as the Security Trustee may deem expedient (in its absolute discretion) in the interests of the Issuer Secured Parties, provided that such modifications or additions do not cause a Rating Event.

4 Interest

(a) *Period of Accrual*

Each Original Note shall bear interest on its Principal Amount Outstanding from (and including) the Original Closing Date, each Second Issue Note shall bear interest on its Principal Amount Outstanding from (and including) the Second Issue Closing Date and each Third Issue Note shall bear interest on its Principal Amount Outstanding from (and including) the Third Issue Closing Date. Each Note

(including the Third Issue Notes) or, in the case of the redemption of part only of a Note, that part only of such Note, shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal and premium (if any) or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before as well as after any judgment) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, payment in full of the relevant amount of principal and premium (if any) is made or (if earlier) the fourteenth day after notice is duly given to the holder thereof (in accordance with Condition 14 and individually) that, upon presentation thereof being duly made, such payment will be made, provided that upon presentation thereof being duly made, payment is in fact made.

Whenever it is necessary to compute an amount of interest in respect of (i) any Floating Rate Notes for any period (including any Interest Period (as defined in Condition 4(b)), such interest shall be calculated on the basis of actual days elapsed and a 365-day year, or a 366-day year if the last day of such period falls in a leap year; and (ii) any Fixed Rate Note for any period (other than an Interest Period) such interest shall be calculated on the basis of a 360-day year consisting of 12 30-day months and, in the case of an incomplete month, the number of days elapsed on the basis of a 30-day month;

(b) *Interest Payment Dates and Interest Periods*

Interest on the Notes is payable quarterly in arrear on the 28th day of January, April, July and October in each year (or, if such day is not a Business Day, the next succeeding Business Day unless such Business Day falls in the next succeeding calendar month in which event the immediately preceding Business Day) (each an “**Interest Payment Date**”) in respect of the Interest Period ending immediately prior thereto.

In these Conditions, “**Interest Period**” shall mean:

- (i) in the case of the Fixed Rate Notes, the period from (and including) 28 January, 28 April, 28 July and 28 October to (and including) the following 27 April, 27 July, 27 October and 27 January, respectively (the first Interest Period in respect of the Third Issue Notes will commence on (and include) the Third Issue Closing Date and (subject to adjustment in accordance with the Conditions for non-Business Days) will end on (but exclude) the Interest Payment Date falling in April 2014);
- (ii) in the case of the Floating Rate Notes, the period from (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Second Issue Closing Date) to (but excluding) the next following Interest Payment Date (or, in the case of the first Interest Period, 28 July 2005);

and “**Business Day**” shall in these Conditions mean a day (other than a bank holiday, other public holiday, Saturday or Sunday) on which banks are open for business in the City of London and the place of presentation.

(c) *Interest Rate — Fixed Rate Notes*

Each Fixed Rate Note bears interest on its Principal Amount Outstanding at the rate of 6.50 per cent. per annum for the Class A2 Notes (the “**Class A2 Interest Rate**”), 7.03 per cent. per annum for the Original Class B Notes (the “**Original Class B Interest Rate**”), 8.28 per cent. per annum for the Class D2 Notes (the “**Class D2 Interest Rate**”), 2.875 per cent. per annum for the Third Issue Class A4 Notes (the “**Third Issue Class A4 Interest Rate**”), 4.250 per cent. per annum for the Third Issue Class B3 Notes (the “**Third Issue Class B3 Interest Rate**”) and 4.750 per cent. per annum for the Third Issue Class D3 Notes (the “**Third Issue Class D3 Interest Rate**” and, together with the Class A2 Interest Rate, the Original Class B Interest Rate, the Class D2 Interest Rate, the Third Issue Class A4

Interest Rate and the Third Issue Class B3 Interest Rate, the “**Fixed Interest Rates**”), each payable in respect of each Interest Period in arrear on each Interest Payment Date.

(d) *Rate of Interest — Floating Rate Notes*

The rates of interest payable from time to time in respect of the Class A1(N) Notes, the Class A3 Notes, the Class B2 Notes and the Class D1(N) Notes respectively (each a “**Rate of Interest**”) will be determined by the Agent Bank on each Interest Payment Date and, in the case of the first Interest Period for the Second Issue Notes, the Second Issue Closing Date or, in the case of the first Interest Period for the Original Notes, the Original Closing Date (each an “**Interest Determination Date**”).

The Rate of Interest for the Interest Period beginning on the relevant Interest Determination Date shall be the aggregate of:

- (i) the Relevant Margin; and
- (ii)
 - (A) the arithmetic mean of the offered quotations to leading banks for three month sterling deposits (or deposits for such other currency or currency units as may replace sterling as the lawful currency of the United Kingdom) (or, in the case of the first Interest Period, such quotation for two month sterling deposits) in an amount of £10,000,000 in the London inter-bank market which appear on Telerate Screen Page No. 3750 (the “**Screen Rate**”) (rounded to four decimal places with the mid-point rounded up) (or (i) such other page as may replace Telerate Screen Page No. 3750 on that service for the purpose of displaying such information or (ii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved in writing by the Note Trustee) as may replace the Telerate Monitor) at or about 11.00 a.m. (London time) on the relevant Interest Determination Date; or
 - (B) if the Screen Rate is not then available for sterling deposits for the relevant period (or deposits for such other currency or currency units as may replace sterling as the lawful currency of the United Kingdom), the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks (as defined in Condition 4(i) below) as the rate at which three month sterling deposits (or deposits for such other currency or currency units as may replace sterling as the lawful currency of the United Kingdom) (or, in the case of the first Interest Period, a linear interpolation of such rates for one and two month sterling deposits) in an amount of £10,000,000 are offered for the same period as that Interest Period by that Reference Bank to leading banks in the London inter-bank market at or about 11.00 a.m. (London time) on the relevant Interest Payment Date. If on any such Interest Determination Date, two or three only of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Note Trustee and the Issuer for the purposes of agreeing two leading banks in the London inter-bank market (or, where one only of the Reference Banks provided such a quotation, one leading bank in the London inter-bank market) to provide such a quotation or quotations to the Agent Bank (which bank or

banks is or are in the opinion of the Note Trustee suitable for such purpose) and the rate for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the rate for the relevant Interest Period shall be the rate in effect for the last preceding Interest Period to which sub-paragraph (1) of the foregoing provisions of this sub-paragraph (2) shall have applied and, if there is no such rate, then the rate for the relevant Interest Period shall be the rate determined by the Note Trustee in such manner as, in the opinion of the Note Trustee most closely approximates the foregoing provisions.

For the purposes of these Conditions the “**Relevant Margin**” in respect of the Class A1(N) Notes shall be 0.20 per cent. per annum, in respect of the Class A3 Notes shall be 0.29 per cent. per annum up to and including the Interest Payment Date falling in July 2015 (the “**Step-up Date**”), and thereafter a margin of 0.725 per cent. per annum, in respect of the Class B2 Notes shall be 0.33 per cent. per annum up to and including the Step-up Date and thereafter a margin of 0.825 per cent. per annum and in respect of the Class D1(N) Notes shall be 0.80 per cent. per annum up to and including the Step-up Date and thereafter a margin of 2.00 per cent. per annum.

There will be no minimum or maximum Rate of Interest.

(e) *Determination of Rates of Interest and Calculation of Interest Amounts for Floating Rate Notes and Fixed Rate Notes*

The Agent Bank shall, on or as soon as practicable after each Interest Determination Date or, as the case may be, Interest Payment Date, determine and notify the Issuer, the Borrower, the Note Trustee and the Paying Agents of (i) the Rate of Interest applicable to the Interest Period beginning on and including that Interest Determination Date in respect of each of the Class A1(N) Notes, the Class A3 Notes, the Class B2 Notes and the Class D1(N) Notes, (ii) the sterling amounts (the “**Class A1(N) Interest Amount**”, the “**Class A3 Interest Amount**”, the “**Class B2 Interest Amount**” and the “**Class D1(N) Interest Amount**” and each, an “**Interest Amount**”) payable in respect of such Interest Period in respect of the Class A1(N) Notes, the Class A3 Notes, the Class B2 Notes and the Class D1(N) Notes, respectively, and (iii) the sterling amounts (each a “**Fixed Interest Amount**”) payable in respect of the relevant Interest Period in respect of each class of Fixed Rate Notes. The Class A1(N) Interest Amount, the Class A3 Interest Amount, the Class B2 Interest Amount and the Class D1(N) Interest Amount shall be calculated by applying the relevant Rate of Interest to the then Principal Amount Outstanding of the Class A1(N) Notes, the Class A3 Notes, the Class B2 Notes or the Class D1(N) Notes, as the case may be, multiplying such sum by the actual number of days in the relevant Interest Period divided by 365 (or 366, if the last day of the Interest Period falls in a leap year) and rounding the resultant figure downward to the nearest penny. Each Fixed Interest Amount shall be calculated by applying the relevant Fixed Interest Rate to the then Principal Amount Outstanding of the relevant class of Fixed Rate Notes and dividing the resultant figure by four.

(f) *Publication of Rates of Interest, Class A1(N) Interest Amounts, Class A3 Interest Amounts, Class B2 Interest Amounts, Class D1(N) Interest Amounts, Fixed Interest Amounts, Step-up Amounts and other Notices*

As soon as practicable after receiving notification thereof, the Issuer will cause the Rates of Interest, the Class A1(N) Interest Amount, the Class A3 Interest Amount, the Class B2 Interest Amount and the Class D1(N) Interest Amount, the Step-up Amounts and each Fixed Interest Amount for each Interest

Period and the immediately succeeding Interest Payment Date to be notified to the Note Trustee, the United Kingdom Listing Authority (for so long as the Notes are admitted to the Official List of the United Kingdom Listing Authority) and the London Stock Exchange (for so long as the Notes are admitted to trading on the London Stock Exchange's regulated market for listed securities) and will cause notice thereof to be given to Noteholders in accordance with Condition 14. the Class A1(N) Interest Amounts, the Class A3 Interest Amounts, the Class B2 Interest Amounts, the Class D1(N) Interest Amounts and the Step-up Amounts so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period for the Notes.

(g) *Determination or Calculation by the Note Trustee*

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the relevant Interest Amount or Step-up Amount for each class of the Notes in accordance with the foregoing Conditions, the Note Trustee or its appointed agent shall (i) determine such Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and/or (as the case may be) (ii) calculate the relevant Interest Amount and the Step-up Amounts (if any) for each class of the Notes in the manner specified in Condition 4(e) and Condition 4(f), and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

(h) *Notifications to be Final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank or the Note Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Note Trustee and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank or the Note Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(i) *References and Agent Bank — Floating Rate Notes*

The Issuer shall ensure that, so long as any of the Floating Rate Notes remains outstanding, there shall, at all times, be four Reference Banks and an Agent Bank. The initial Reference Banks shall be the principal London office of each of Barclays Bank PLC, HSBC Bank plc, Lloyds Bank plc and The Royal Bank of Scotland plc (together the "**Reference Banks**"). In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint the principal London office of such other bank as may have been previously approved in writing by the Note Trustee to act as such in its place. The Agent Bank may not resign until a successor so approved in writing by the Note Trustee has been appointed.

(j) *Determination of Step-up Amounts*

The Agent Bank shall, on each Interest Determination Date, determine the Class A3 Step-up Amount (if any) payable in respect of the Interest Period in respect of the Class A3 Notes, the Class B2 Step-up Amount (if any) payable in respect of such Interest Period in respect of the Class B2 Notes and the Class D1(N) Step-up Amount (if any) payable in respect of such Interest Period in respect of the Class D1(N) Notes.

The "**Class A3 Step-up Amount**" shall be calculated by applying the Class A3 Step-up Margin to the aggregate Principal Amount Outstanding of the Class A3 Notes, multiplying such sum by the actual

number of days in the Interest Period divided by 365 or 366 if the last day of such period falls in a leap year and rounding the resulting figure downwards to the nearest penny.

The “**Class B2 Step-up Amount**” shall be calculated by applying the Class B2 Step-up Margin to the aggregate Principal Amount Outstanding of the Class B2 Notes, multiplying such sum by the actual number of days in the Interest Period divided by 365 or 366 if the last day of such period falls in a leap year and rounding the resulting figure downwards to the nearest penny.

The “**Class D1(N) Step-up Amount**” (and, together with the Class A3 Step-up Amount and the Class B2 Step-up Amount, the “**Step-up Amounts**”) shall be calculated by applying the Class D1(N) Step-up Margin to the aggregate Principal Amount Outstanding of the Class D1(N) Notes, multiplying such sum by the actual number of days in the Interest Period divided by 365 or 366 if the last day of such period falls in a leap year and rounding the resulting figure downwards to the nearest penny.

The “**Class A3 Step-up Margin**” is 0.435 per cent. per annum. The “**Class B2 Step-up Margin**” is 0.495 per cent. per annum. The “**Class D1(N) Step-up Margin**” is 1.20 per cent. per annum.

5 Redemption, Purchase and Cancellation

(a) *Final Redemption*

Unless previously redeemed in full or purchased and cancelled as provided in this Condition, the Issuer shall redeem the Notes of each class at their Principal Amount Outstanding together with accrued but unpaid interest and any previously deferred principal on the Interest Payment Date falling in July 2015 in relation to the Class A1(N) Notes, in July 2033 in relation to the Class A2 Notes, in July 2038 in relation to the Class A3 Notes, in April 2024 in relation to the Third Issue Class A4 Notes, in January 2029 in relation to the Original Class B Notes, in July 2038 in relation to the Class B2 Notes, in April 2029 in relation to the Third Issue Class B3 Notes, in April 2035 in relation to the Class D1(N) Notes, in October 2022 in relation to the Class D2 Notes and in April 2029 in relation to the Third Issue Class D3 Notes.

The Issuer may not redeem Notes in whole or in part prior to that date except as provided in Condition 5(b), (c) or (e) but without prejudice to Condition 9.

(b) *Mandatory Redemption*

- (i) Prior to the service of a Note Enforcement Notice (as defined in Condition 9(c)), the Class A Notes, the Class B Notes and the Class D Notes shall, subject to Conditions 5(b)(ii), (b)(iii), (c), (e) and (g), be redeemed in instalments on each Interest Payment Date in the principal amount specified for each class (each, an “**Amortisation Amount**”) set out opposite each Interest Payment Date below on such date. The figures set out below (except in respect of the Class D1(N) Notes) show the Amortisation Amounts per £10,000 denomination of the Original Notes of each relevant class, per £50,000 denomination of the Second Issue Notes of each class and per £100,000 denomination of the Third Issue Notes of each class. The figures set out below in respect of the Class D1(N) Notes show only the amount (each, an “**Expected Amortisation Amount**”) according to the relevant denomination which it is expected that the Issuer will repay on each relevant Interest Payment Date. The Issuer is under no obligation to make any repayment of principal on the Class D1(N) Notes until the Interest Payment Date falling in April 2035.

A. AMORTISATION SCHEDULE

Issued nominal	76,500,000.00	188,500,000.00	20,000,000.00	69,550,000.00	340,000,000.00	120,000,000.00	50,000,000.00	20,000,000.00	20,000,000.00	70,000,000.00
Outstanding nominal	6,383,649.60	188,500,000.00	20,000,000.00	29,054,025.65	335,810,880.00	86,089,440.00	50,000,000.00	20,000,000.00	20,000,000.00	70,000,000.00
Outstanding per denomination	4,172.32	50,000.00	50,000.00	20,887.15	9,876.79	7,174.12	10,000.00	100,000.00	100,000.00	100,000.00

Pay Date	Float A1N	Float A3	Float B2	Float D1N	Fixed A2	Fixed B	Fixed D2	Fixed A4	Fixed B3	Fixed D3
28-Apr-14	683.46	0.00	0.00	0.00	67.44	71.83	0.00	0.00	0.00	0.00
28-Jul-14	683.46	0.00	0.00	0.00	67.44	71.83	0.00	0.00	0.00	0.00
28-Oct-14	683.46	0.00	0.00	0.00	67.44	71.83	0.00	0.00	0.00	0.00
28-Jan-15	683.46	0.00	0.00	0.00	67.44	71.83	0.00	0.00	0.00	0.00
28-Apr-15	719.24	0.00	0.00	0.00	71.82	76.91	0.00	0.00	0.00	0.00
28-Jul-15	719.24	0.00	0.00	0.00	71.82	76.91	0.00	0.00	0.00	0.00
28-Oct-15	0.00	0.00	0.00	0.00	71.82	76.91	0.00	0.00	0.00	0.00
28-Jan-16	0.00	0.00	0.00	0.00	71.82	76.91	0.00	0.00	0.00	0.00
28-Apr-16	0.00	0.00	0.00	0.00	76.50	82.25	0.00	0.00	0.00	0.00
28-Jul-16	0.00	0.00	0.00	0.00	76.50	82.25	0.00	0.00	0.00	0.00
28-Oct-16	0.00	0.00	0.00	0.00	76.50	82.25	0.00	0.00	0.00	0.00
30-Jan-17	0.00	0.00	0.00	0.00	76.50	82.25	0.00	0.00	0.00	0.00
28-Apr-17	0.00	0.00	0.00	0.00	81.47	88.08	0.00	0.00	0.00	0.00
28-Jul-17	0.00	0.00	0.00	0.00	81.47	88.08	0.00	0.00	0.00	0.00
30-Oct-17	0.00	0.00	0.00	0.00	81.47	88.08	0.00	0.00	0.00	0.00
29-Jan-18	0.00	0.00	0.00	0.00	81.47	88.08	123.00	0.00	0.00	0.00
30-Apr-18	0.00	0.00	0.00	0.00	86.76	94.25	433.00	0.00	0.00	0.00
30-Jul-18	0.00	0.00	0.00	0.00	86.76	94.25	433.00	0.00	0.00	0.00
29-Oct-18	0.00	0.00	0.00	0.00	86.76	94.25	433.00	0.00	0.00	0.00
28-Jan-19	0.00	0.00	0.00	0.00	86.76	94.25	433.00	0.00	0.00	0.00
29-Apr-19	0.00	0.00	0.00	0.00	92.41	100.91	481.40	100,000.00	0.00	0.00
29-Jul-19	0.00	0.00	0.00	0.00	92.41	100.91	481.40	0.00	0.00	0.00
28-Oct-19	0.00	0.00	0.00	0.00	92.41	100.91	481.40	0.00	0.00	0.00
28-Jan-20	0.00	0.00	0.00	0.00	92.41	100.91	481.40	0.00	0.00	0.00
28-Apr-20	0.00	0.00	0.00	0.00	98.41	108.00	533.80	0.00	0.00	0.00
28-Jul-20	0.00	0.00	0.00	0.00	98.41	108.00	533.80	0.00	0.00	0.00
28-Oct-20	0.00	0.00	0.00	0.00	98.41	108.00	533.80	0.00	0.00	0.00
28-Jan-21	0.00	0.00	0.00	0.00	98.41	108.00	533.80	0.00	0.00	0.00
28-Apr-21	0.00	0.00	0.00	0.00	104.79	115.59	590.40	0.00	0.00	0.00
28-Jul-21	0.00	0.00	0.00	0.00	104.79	115.59	590.40	0.00	0.00	0.00
28-Oct-21	0.00	0.00	0.00	0.00	104.79	115.59	590.40	0.00	0.00	0.00
28-Jan-22	0.00	0.00	0.00	0.00	104.79	115.59	590.40	0.00	0.00	0.00
28-Apr-22	0.00	0.00	0.00	0.00	111.61	123.67	590.40	0.00	0.00	0.00
28-Jul-22	0.00	0.00	0.00	0.00	111.61	123.67	590.60	0.00	0.00	0.00
28-Oct-22	0.00	0.00	0.00	0.00	111.61	123.67	541.60	0.00	0.00	0.00
30-Jan-23	0.00	0.00	0.00	291.70	111.61	123.67	0.00	0.00	0.00	0.00
28-Apr-23	0.00	0.00	0.00	291.70	118.88	132.42	0.00	0.00	0.00	0.00
28-Jul-23	0.00	0.00	0.00	291.70	118.88	132.42	0.00	0.00	0.00	0.00
30-Oct-23	0.00	0.00	0.00	291.70	118.88	132.42	0.00	0.00	0.00	0.00
29-Jan-24	0.00	0.00	0.00	309.30	118.88	132.42	0.00	0.00	0.00	0.00
29-Apr-24	0.00	0.00	0.00	309.30	126.58	141.76	0.00	0.00	100,000.00	100,000.00
29-Jul-24	0.00	0.00	0.00	309.30	126.58	141.76	0.00	0.00	0.00	0.00

28-Oct-24	0.00	0.00	0.00	309.30	126.58	141.76	0.00	0.00	0.00	0.00
28-Jan-25	0.00	0.00	0.00	327.95	126.58	141.76	0.00	0.00	0.00	0.00
28-Apr-25	0.00	0.00	0.00	327.95	134.82	151.67	0.00	0.00	0.00	0.00
28-Jul-25	0.00	0.00	0.00	327.95	134.83	151.67	0.00	0.00	0.00	0.00
28-Oct-25	0.00	0.00	0.00	327.95	134.83	151.67	0.00	0.00	0.00	0.00
28-Jan-26	0.00	0.00	0.00	347.73	134.83	151.67	0.00	0.00	0.00	0.00
28-Apr-26	0.00	0.00	0.00	347.73	143.59	162.34	0.00	0.00	0.00	0.00
28-Jul-26	0.00	0.00	0.00	347.73	143.59	162.34	0.00	0.00	0.00	0.00
28-Oct-26	0.00	0.00	0.00	347.73	143.59	162.34	0.00	0.00	0.00	0.00
28-Jan-27	0.00	0.00	0.00	368.71	143.59	162.34	0.00	0.00	0.00	0.00
28-Apr-27	0.00	0.00	0.00	368.71	152.95	173.76	0.00	0.00	0.00	0.00
28-Jul-27	0.00	0.00	0.00	368.71	152.95	173.76	0.00	0.00	0.00	0.00
28-Oct-27	0.00	0.00	0.00	368.71	152.95	173.76	0.00	0.00	0.00	0.00
28-Jan-28	0.00	0.00	0.00	390.95	152.95	173.76	0.00	0.00	0.00	0.00
28-Apr-28	0.00	0.00	0.00	390.95	162.86	170.09	0.00	0.00	0.00	0.00
28-Jul-28	0.00	0.00	0.00	390.95	162.86	170.09	0.00	0.00	0.00	0.00
30-Oct-28	0.00	0.00	0.00	390.95	162.86	170.09	0.00	0.00	0.00	0.00
29-Jan-29	0.00	0.00	0.00	414.53	162.86	170.09	0.00	0.00	0.00	0.00
30-Apr-29	0.00	0.00	0.00	414.53	173.45	0.00	0.00	0.00	0.00	0.00
30-Jul-29	0.00	0.00	0.00	414.53	173.45	0.00	0.00	0.00	0.00	0.00
29-Oct-29	0.00	0.00	0.00	414.53	173.45	0.00	0.00	0.00	0.00	0.00
28-Jan-30	0.00	0.00	0.00	439.53	173.45	0.00	0.00	0.00	0.00	0.00
29-Apr-30	0.00	0.00	0.00	439.53	184.74	0.00	0.00	0.00	0.00	0.00
29-Jul-30	0.00	0.00	0.00	439.53	184.74	0.00	0.00	0.00	0.00	0.00
28-Oct-30	0.00	0.00	0.00	439.53	184.74	0.00	0.00	0.00	0.00	0.00
28-Jan-31	0.00	0.00	0.00	466.05	184.74	0.00	0.00	0.00	0.00	0.00
28-Apr-31	0.00	0.00	0.00	466.05	196.74	0.00	0.00	0.00	0.00	0.00
28-Jul-31	0.00	0.00	0.00	466.05	196.74	0.00	0.00	0.00	0.00	0.00
28-Oct-31	0.00	0.00	0.00	466.05	196.74	0.00	0.00	0.00	0.00	0.00
28-Jan-32	0.00	0.00	0.00	494.15	196.74	0.00	0.00	0.00	0.00	0.00
28-Apr-32	0.00	0.00	0.00	494.15	209.53	0.00	0.00	0.00	0.00	0.00
28-Jul-32	0.00	0.00	0.00	494.15	209.53	0.00	0.00	0.00	0.00	0.00
28-Oct-32	0.00	0.00	0.00	494.15	209.53	0.00	0.00	0.00	0.00	0.00
28-Jan-33	0.00	0.00	0.00	523.96	209.53	0.00	0.00	0.00	0.00	0.00
28-Apr-33	0.00	0.00	0.00	523.96	209.56	0.00	0.00	0.00	0.00	0.00
28-Jul-33	0.00	1,208.31	0.00	523.96	85.80	0.00	0.00	0.00	0.00	0.00
28-Oct-33	0.00	2,020.82	0.00	523.96	0.00	0.00	0.00	0.00	0.00	0.00
30-Jan-34	0.00	2,020.82	0.00	555.57	0.00	0.00	0.00	0.00	0.00	0.00
28-Apr-34	0.00	2,020.82	0.00	555.57	0.00	0.00	0.00	0.00	0.00	0.00
28-Jul-34	0.00	2,112.05	0.00	555.57	0.00	0.00	0.00	0.00	0.00	0.00
30-Oct-34	0.00	2,112.05	0.00	555.57	0.00	0.00	0.00	0.00	0.00	0.00
29-Jan-35	0.00	2,112.05	0.00	576.20	0.00	0.00	0.00	0.00	0.00	0.00
30-Apr-35	0.00	2,112.05	0.00	590.43	0.00	0.00	0.00	0.00	0.00	0.00
30-Jul-35	0.00	34,281.03	50,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

- (ii) The Amortisation Amounts specified as being due on the Interest Payment Date in July 2035 in respect of the Class A3 Notes and the Class B2 Notes, the Interest Payment Date in April 2019 in respect of the Third Issue Class A4 Notes and the Interest Payment Date in April 2024 in respect of the Third Issue Class B3 Notes and the Third Issue Class D3 Notes are amounts which are expected to be redeemed on such dates to the extent that the Issuer has received the corresponding principal repayments from the Borrower pursuant to the Issuer/Borrower Facility Agreement on that date. To the extent that the Issuer has not received the principal repayments from the Borrower pursuant to the Issuer/Borrower Facility Agreement, no such amount shall fall due for payment other than in the case of the Interest Payment Date falling in July 2038 in respect of the Class A3 Notes and the Class B2 Notes, the Interest Payment Date falling in April 2024 in respect of the Third Issue Class A4 Notes and the Interest Payment Date falling in April 2029 in respect of the Third Issue Class B3 Notes and the Third Issue Class D3 Notes. To the extent that, on any Interest Payment Date, there are insufficient funds available to meet the relevant Amortisation Amount in accordance with the Issuer Pre-Enforcement Priority of Payments to enable such amount to be paid in full, then to the extent of such deficit, no such amount shall fall due for payment other than in the case of the Interest Payment Date falling in July 2038 in respect of the Class A3 Notes and the Class B2 Notes, the Interest Payment Date falling in April 2024 in respect of the Third Issue Class A4 Notes and the Interest Payment Date falling in April 2029 in respect of the Third Issue Class B3 Notes and the Third Issue Class D3 Notes on which date the relevant Amortisation Amount for that date shall be due in full together with any Amortisation Amounts deferred in whole or in part on any previous Interest Payment Date.
- (iii) The Expected Amortisation Amounts for each Interest Payment Date in the case of the Class D1(N) Notes are maximum amounts which are expected to be repaid on such dates. To the extent that, on any Interest Payment Date, the Issuer has insufficient funds available to meet the relevant Expected Amortisation Amount in accordance with the Issuer Pre-Enforcement Priority of Payments to enable such amount to be paid in full, then to the extent of such deficit, no such amount shall fall due for payment other than in the case of the Interest Payment Date falling in April 2035 (in the case of the Class D1(N) Notes) on which date the relevant Expected Amortisation Amount for that date shall be due in full together with any Expected Amortisation Amounts deferred in whole or in part on any previous Interest Payment Date. If, on any subsequent Interest Payment Date, there are funds available under the Issuer Pre-Enforcement Priority of Payments to pay an amount in excess of the applicable amount in respect of the Class D1(N) Notes on that day, then there shall also fall due for payment on such day, to the extent of funds so available, an amount in respect of all previous Expected Amortisation Amounts which have not been paid in full. The Issuer will ensure that the holders of the Class D1(N) Notes are notified pursuant to Condition 14 at least two Business Days prior to each Interest Payment Date of the amount, if any, by which the Expected Amortisation Amount to be paid on such Interest Payment Date in respect of the Class D1(N) Notes will be less than the relevant Expected Amortisation Amount specified in this Condition 5(b).
- (iv) The proceeds of enforcement of the security constituted by the Issuer Deed of Charge following the service of a Note Enforcement Notice shall be applied in accordance with provisions regulating the priority of application of payments in such circumstances and which are set out in the Issuer Deed of Charge.

(c) *Optional redemption*

On giving not more than 60 nor less than 30 days' notice prior to an Interest Payment Date to the Note Trustee and to the Noteholders in accordance with Condition 14 and subject to Condition 5(g) and provided that the Issuer has, prior to giving such notice, certified to the Note Trustee and provided evidence acceptable to the Note Trustee (as specified in the Note Trust Deed) to the effect that it will have the necessary funds to discharge any amounts required under the Note Trust Deed, the Issuer Deed of Charge or, as the case may be, the Cash Management Agreement to be paid in priority to or *pari passu* with each class of Notes on the Interest Payment Date on which such notice expires which certificate shall be conclusive and binding, the Issuer may redeem on such Interest Payment Date:

- (i) £10,000 (in the case of the Original Notes) or £50,000 (in the case of the Second Issue Notes) aggregate Principal Amount Outstanding of any class of Floating Rate Notes and thereafter in integral multiples of £10,000 (in the case of the Original Notes) or £50,000 (in the case of the Second Issue Notes) of aggregate Principal Amount Outstanding or, if less, the then aggregate Principal Amount Outstanding of such class of Floating Rate Notes, in either case, at a price equal to their relevant Principal Amount Outstanding; and
- (ii) £10,000 aggregate Principal Amount Outstanding of any class of Fixed Rate Notes which are Original Notes and thereafter in integral multiples of £10,000 aggregate Principal Amount Outstanding, or £100,000 aggregate Principal Amount Outstanding of any class of Fixed Rate Notes which are Third Issue Notes and thereafter in integral multiples of £1,000 aggregate Principal Amount Outstanding or, if less, the then aggregate Principal Amount Outstanding of such class of Fixed Rate Notes, in either case, at a price equal to whichever is the higher of the following:
 - (A) the Principal Amount Outstanding of the relevant class of Fixed Rate Notes to be redeemed on the relevant Interest Payment Date; and
 - (B) that price (as reported in writing to the Issuer and the Note Trustee by a financial adviser approved by the Note Trustee) expressed as a percentage (and rounded up to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield (as defined below) on the relevant class of Fixed Rate Notes to be redeemed on the Relevant Date (as defined below) is equal to the Gross Redemption Yield at 3.00 p.m. (London time) on the Relevant Date of the Class A2 Relevant Treasury Stock, the Original Class B Relevant Treasury Stock, the Class D2 Relevant Treasury Stock, the Third Issue Class A4 Relevant Treasury Stock, the Third Issue Class B3 Relevant Treasury Stock or the Third Issue Class D3 Relevant Treasury Stock, as appropriate, (each as defined below) and so that, for the purpose of this Condition 5(c), “**Relevant Date**” means the date which is the second Business Day in London prior to the date of despatch of the notice of redemption referred to in this Condition 5(c), “**Gross Redemption Yield**” means a yield calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries, as reported in the Journal of the Institute of Actuaries, Volume 105, Part 1, 1978, page 18, “**Class A2 Relevant Treasury Stock**” means such United Kingdom government stock as the Note Trustee, with the advice of a market maker in the United Kingdom gilt-edged securities market approved by the Note Trustee, shall determine to be a benchmark gilt, the average life of which most closely matches the then average life of the Class A2 Notes, “**Original Class B Relevant Treasury Stock**” means such United Kingdom government stock as the Note Trustee, with the advice of a market maker in the United Kingdom gilt-

edged securities market approved by the Note Trustee, shall determine to be a benchmark gilt, the average life of which most closely matches the then average life of the Original Class B Notes and “**Class D2 Relevant Treasury Stock**” means such United Kingdom government stock as the Note Trustee, with the advice of a market maker in the United Kingdom gilt-edged securities market approved by the Note Trustee, shall determine to be a benchmark gilt, the average life of which most closely matches the then average life of the Class D2 Notes, “**Third Issue Class A4 Relevant Treasury Stock**” means such United Kingdom government stock as the Note Trustee, with the advice of a market maker in the United Kingdom gilt-edged securities market approved by the Note Trustee, shall determine to be a benchmark gilt, the average life of which most closely matches the then average life of the Third Issue Class A4 Notes, “**Third Issue Class B3 Relevant Treasury Stock**” means such United Kingdom government stock as the Note Trustee, with the advice of a market maker in the United Kingdom gilt-edged securities market approved by the Note Trustee, shall determine to be a benchmark gilt, the average life of which most closely matches the then average life of the Third Issue Class B3 Notes and “**Third Issue Class D3 Relevant Treasury Stock**” means such United Kingdom government stock as the Note Trustee, with the advice of a market maker in the United Kingdom gilt-edged securities market approved by the Note Trustee, shall determine to be a benchmark gilt, the average life of which most closely matches the then average life of the Third Issue Class D3 Notes.

in each case together with accrued but unpaid interest on the Principal Amount Outstanding of the relevant class of Notes up to but excluding the date of redemption.

Any such amounts not applied in redemption of the whole of a class or classes of Notes pursuant to Condition 5(b)(i) or this Condition 5(c) will be applied in part redemption of the relevant class or classes of Notes *pro rata* so as to reduce the appropriate amount of principal (if any) due under Condition 5(b)(i) in respect of the relevant class or classes of Notes on the Interest Payment Dates following such redemption. The Principal Amount Outstanding of any Notes purchased and cancelled pursuant to Conditions 5(g) and 5(h) respectively shall reduce *pro tanto* the appropriate amount of principal (if any) due under Condition 5(b)(i) in respect of the relevant class or classes of Notes on the Interest Payment Dates following such purchase and cancellation. The Cash Manager shall forthwith re-calculate the appropriate amount of principal due in respect of the relevant class or classes of Notes to take account of such part redemption or, as the case may be, purchase and cancellation, which re-calculation shall, in the absence of wilful default, bad faith or manifest error, be binding on the Noteholders and shall notify forthwith the Note Trustee, the Security Trustee, the Rating Agencies, the Paying Agents, the Agent Bank, the United Kingdom Listing Authority (for so long as the relevant class of Notes are admitted to the Official List of the United Kingdom Listing Authority) and the London Stock Exchange (for so long as the relevant class of Notes are admitted to trading on the London Stock Exchange’s regulated market for listed securities) of such re-calculation and shall cause notice thereof to be given in accordance with Condition 14.

(d) *Note Principal Payments, Principal Amount Outstanding*

The principal amount (if any) to be redeemed in respect of each Note of a particular class (the “**Note Principal Payment**”) on any Interest Payment Date under Conditions 5(b)(i) and/or (in the case of a partial redemption) Condition 5(c), as applicable, shall, in relation to the Notes, be a *pro rata* share of the aggregate amount required to be applied in redemption of the Notes of that class on such Interest Payment Date under Conditions 5(b)(i) and/or (in the case of a partial redemption) Condition 5(c), as

applicable (rounded down to the nearest penny), provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note subject to Condition 5(c)(ii)).

Two Business Days before each Interest Payment Date (each a “**Calculation Date**”), the Cash Manager shall determine (i) the amount of any Note Principal Payment due on such Interest Payment Date and (ii) the Principal Amount Outstanding of each Note on such Interest Payment Date (after deducting any Note Principal Payment to be paid on that Interest Payment Date). Each determination by the Cash Manager of any Note Principal Payment and the Principal Amount Outstanding of a Note shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The “**Principal Amount Outstanding**” of a Note of any class on any date shall be £10,000 (in the case of the Original Notes), £50,000 (in the case of the Second Issue Notes) or £100,000 (in the case of the Third Issue Notes) (being the nominal denomination of each such Note were Definitive Notes to be issued) less the aggregate amount of all Note Principal Payments in respect of such Note that have become due and payable since the Original Closing Date in the case of the Original Notes, the Second Issue Closing Date in respect of the Second Issue Notes and the Third Issue Closing Date in respect of the Third Issue Notes and on or prior to such date provided that, solely for the purposes of calculating the Principal Amount Outstanding under this Condition 5, all Note Principal Payments due and unpaid on or prior to such date shall also be taken into account.

The Issuer (or the Cash Manager on its behalf) will cause each determination of a Note Principal Payment and Principal Amount Outstanding to be notified forthwith to the Note Trustee, the Security Trustee, the Paying Agents, the Rating Agencies, the Agent Bank, the United Kingdom Listing Authority (for so long as the Notes are admitted to the Official List of the United Kingdom Listing Authority) and the London Stock Exchange (for so long as the Notes are admitted to trading on the London Stock Exchange’s regulated market for listed securities) and will cause notice of each determination of a Note Principal Payment and Principal Amount Outstanding to be given in accordance with Condition 14 at the same time as the notice referred to in Condition 4(f) is given. If a Note Principal Payment is to be made on the Notes of a particular class or classes on an Interest Payment Date, a notice to this effect will be given by the Issuer to the Noteholders in accordance with Condition 14 with a copy delivered to the Note Trustee and the Security Trustee.

If the Issuer or the Cash Manager on behalf of the Issuer does not at any time for any reason determine a Note Principal Payment and/or the Principal Amount Outstanding in accordance with the preceding provisions of this Condition 5, such Note Principal Payment and/or Principal Amount Outstanding may be determined by the Note Trustee in accordance with this Condition 5 and each such determination shall be conclusive and binding and shall be deemed to have been made by the Issuer.

(e) *Optional Redemption for Tax and Other Reasons*

If:

- (a) by virtue of a change in tax law (or the application or official interpretation thereof) from that in effect on the Original Closing Date or, as applicable, the Second Issue Closing Date or the Third Issue Closing Date, on the next Interest Payment Date:
 - (i) the Issuer would be required to deduct or withhold from any payment of principal, premium (if any) or interest in respect of any Note (other than where the relevant holder or beneficial owner has some connection with the United Kingdom other than the holding of Notes or Coupons) (other than in respect of default interest); or

- (ii) the Borrower would be required to deduct or withhold from any payment of principal or interest in respect of the Issuer/Borrower Facility Agreement,

in each case any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or authority thereof or therein;

- (b) it becomes unlawful for the Issuer to make or to continue to make advances available to the Borrower under the Issuer/Borrower Facility Agreement; or
- (c) the Borrower repays all sums owing under the Issuer/Borrower Facility Agreement with the proceeds of its insurances in accordance with the terms thereof,

then the Issuer shall forthwith inform the Note Trustee accordingly and (other than in the case of (c)) shall, provided that, in the case of (a), it shall have satisfied the Note Trustee immediately prior to such substitution of the occurrence of the events described in (a), in order to avoid the relevant event described above, use its best endeavours to arrange the substitution of a company incorporated in a jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes and as lender under the Issuer/Borrower Facility Agreement. Notice of any such substitution shall be given to the Note Trustee, the Security Trustee, the Paying Agents and to the Noteholders in accordance with Condition 14. If the Issuer is unable to arrange such a substitution which would have the result of avoiding the relevant event described above or if the event described in (c) occurs, then the Issuer may, on any Interest Payment Date on which the relevant event described above is continuing and, in the case of (a), provided that it shall have satisfied the Note Trustee immediately prior to giving such notice of the continuance of the events described in (a), having given not more than 60 nor less than 30 days' notice to the Note Trustee, the Security Trustee, the Paying Agents and to the Noteholders in accordance with Condition 14, redeem all, but not some only, of the Notes at their respective Principal Amounts Outstanding together with accrued but unpaid interest to the date of redemption.

(f) *Notice of Redemption*

Any such notice as is referred to in Condition 5(c) and Condition 5(e) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes of the relevant class or classes in the amounts specified in these Conditions.

(g) *Purchase by Issuer and the Borrower*

The Issuer will not be permitted to purchase any of the Notes.

The Borrower may purchase any of the Notes (subject to certain conditions set out in the Issuer/Borrower Facility Agreement at the time of such purchase) and any Notes so purchased by the Borrower will be forthwith surrendered to and cancelled by the Issuer.

(h) *Cancellation*

All Notes redeemed in full or purchased by the Borrower and surrendered to the Issuer pursuant to the foregoing provisions will be cancelled forthwith and may not be resold or re-issued.

(i) *Other information*

The Issuer will provide the Security Trustee, the Note Trustee, the Principal Paying Agent and the Rating Agencies with:

- (i) the audited annual consolidated financial statements of the Borrower (including balance sheet, profit and loss and cashflow statements) and related auditors' reports, together with a management presentation package and a proposal for a management presentation; and
- (ii) unaudited quarterly consolidated cashflow statements of the Borrower (including rent, turnover rent, net cashflow after all operating costs and total outstanding debt), together with a management commentary thereon which shall include information on any material changes that occurred in the relevant quarter.

These financial statements will be available in electronic format and for inspection by the Noteholders during normal business hours on any Business Day at the specified office of each of the Principal Paying Agent and any other Paying Agent or in such other format as requested by the Security Trustee.

(j) *Annual presentation to Noteholders*

The Issuer will also make an annual presentation for the benefit of the Security Trustee, the Note Trustee, the Rating Agencies and the Noteholders. Notice of the presentation will be given to the Security Trustee, the Note Trustee, the Rating Agencies and the Noteholders in accordance with Condition 14 as if the same were a meeting of Noteholders to be held pursuant to these Conditions. For so long as the Issuer is a subsidiary of Intu Trafford Centre Group (UK) Limited, the presentation shall be held at or around the time of the annual general meeting of Intu Trafford Centre Group (UK) Limited. The presentation shall include, *inter alia*, a description of the then current status of the transactions contemplated by the Relevant Documents (including compliance by the Issuer and the Borrower with their obligations under the same to that time) and a summary of the anticipated performance of the Issuer and the Borrower for the forthcoming year. If in any year less than 20 per cent. of Noteholders by Principal Amount Outstanding indicate in writing their intention to attend such a presentation, the Issuer may elect not to hold the same by notice in writing to all the Noteholders given in accordance with Condition 14.

6 Payments

- (a) Payments of principal in respect of Definitive Notes will be made against presentation and, provided that payment is made in full, surrender of the relevant Principal Coupons (except where, after such surrender, the Principal Amount Outstanding of a Note would be reduced to zero (including as a result of any other payment of principal in respect of such Note) in which case each payment of principal will be made against presentation and surrender of such Definitive Note subject to Condition 6(c)) at the specified office of any Paying Agent. Payments of interest in respect of Definitive Notes will (subject as provided in Conditions 6(c) and (d) below) be made only against presentation and, provided that payment is made in full, surrender of the relevant Interest Coupons at the specified office of any Paying Agent. Payments in respect of principal and interest in respect of any Global Note will be made only against the presentation of the Global Note to or to the order of such Paying Agent at the specified office of any Paying Agent, subject, in the case of a Temporary Global Note, to certification of non-US beneficial ownership as provided in such Temporary Global Note. A record of each payment of interest and/or principal made in respect of a Global Note will be made on the Global Note by the Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made. No person appearing from time to time in the records of Clearstream, Luxembourg or of Euroclear as the holder of a Note shall have any direct claim against the Issuer in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note. Such payment will be made in sterling at the specified office of any Paying Agent by sterling cheque drawn on or, at the option of the holder, by

transfer to a sterling account maintained by the payee with, a bank in London. No payment with respect to any Note will be made at an office of any Paying Agent in the United States or by mail to an address in the United States or by transfer to an account in the United States.

- (b) Payments of principal, interest and premium (if any) in respect of the Notes are subject in all cases to any fiscal or other laws, regulations and directives or other laws applicable thereto.
- (c) Upon the date upon which any Definitive Note becomes due and payable in full, unmatured Coupons appertaining thereto (whether or not attached to such Definitive Note) shall become void and no payment or, as the case may be, exchange shall be made in respect thereof. If the due date for redemption of any Definitive Note is not an Interest Payment Date, accrued interest will be paid only against presentation and surrender of such Definitive Note. As used herein, unmatured Coupons include any talon insofar as it relates entirely to unmatured Coupons.
- (d) If payment of principal and/or premium (if any) is improperly withheld or refused on or in respect of any Definitive Note or part thereof, the interest which continues to accrue in respect of such Definitive Note or part thereof in accordance with Condition 4(a) will be paid against presentation of such Definitive Note at the specified office of any Paying Agent.
- (e) The Principal Paying Agent and its initial specified office are listed at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent and the Agent Bank and to appoint additional or other Agents. So long as the Notes are admitted to the Official List of the United Kingdom Listing Authority or to trading on the London Stock Exchange's regulated market for listed securities, the Issuer will at all times maintain a Paying Agent with a specified office in London. The Issuer will cause at least 30 days' notice of any change in or addition to the Agents or their specified offices to be given to the Noteholders and the Rating Agencies in accordance with Condition 14.
- (f) If any Coupon or any Note is presented for payment on a day which is not a Business Day no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Coupon or, as the case may be, such Note.
- (g) On or after the Interest Payment Date specified on each final Coupon forming part of any Coupon sheet, the talon may be surrendered at any specified office of any Paying Agent in exchange for a further Coupon sheet (including save in the case of the final Coupon sheet, a further talon but excluding any Coupon which shall have become void).
- (h) If interest is not paid in respect of a Note of any class on the date when due and payable (other than because the due date is not a Business Day or by reason of non-compliance with Condition 6(a)), then such unpaid interest shall itself bear interest at the Rate of Interest (in respect of the Floating Rate Notes) applicable from time to time or the relevant Fixed Interest Rate (in respect of the Fixed Rate Notes), until such interest and interest thereon is paid and notice thereof has been duly given to the Noteholders in accordance with Condition 14.
- (i)
 - (i) If at any time there is a change in the currency of the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of any such change and which are expressed in sterling shall be translated into, and/or any amount becoming payable under the Notes thereafter as specified in these Conditions shall be paid in, the currency or currency unit of the United

Kingdom selected by, and in the manner designated by, the Note Trustee and the Principal Paying Agent.

Any such translation shall be made at the official rate recognised for that purpose by the Bank of England.

- (ii) Where such a change in currency occurs, the Notes then outstanding and these Conditions shall be amended in the manner agreed by the Issuer and the Note Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Note Trustee and the Noteholders in the same position each would have been in had no change in currency occurred (such amendments to include, without limitation, changes required to reflect any modification to Business Day or other conventions arising in connection with such change in currency). All amendments made pursuant to this Condition 6(i) will be binding upon holders of such Notes.
- (iii) Notification to the Noteholders of the amendments made to Notes pursuant to this Condition 6(i) will be made in accordance with Condition 14 which will state, *inter alia*, the date on which such amendments are to take or took effect, as the case may be.

7 Taxation

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature (“**Tax**”) unless the Issuer or any Paying Agent is required by applicable law, regulation or directives to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, but without prejudice to Condition 5(e) the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. For the avoidance of doubt, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto shall be deemed to be required by applicable law, regulation or directives for the purposes of this Condition 7. None of the Issuer nor the Note Trustee, the Security Trustee or any Paying Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

8 Prescription

Notes and Principal Coupons (which expression shall in this Condition include talons) shall become void in their entirety unless presented for payment within a period of 10 years from the relevant date in respect thereof. Interest Coupons (which expression shall not in this Condition include talons) shall become void in their entirety unless presented for payment within a period of five years from the relevant date in respect thereof. After the date on which a Note or a Coupon becomes void in its entirety, no claim may be made in respect thereof. In this Condition, the “**relevant date**”, in respect of a Note or Coupon, is the date on which a payment in respect thereof first becomes due or (if the full amount of the moneys payable in respect of all the Notes and/or Coupons due on or before that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9 Events of Default

(a) *Class A Noteholders*

For so long as any Class A Notes are outstanding, the Note Trustee at its absolute discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes, or if so directed by or pursuant to an Extraordinary Resolution of the Class A Noteholders shall, (subject, in each case, to the Note Trustee being indemnified to its satisfaction) give notice (a “**Class A Note Enforcement Notice**”) to the Issuer declaring the Notes to be due and repayable at any time after the happening of any of the following events (each a “**Note Event of Default**”):

- (i) default is made for a period of three days in the payment of the principal of or premium (if any), or default is made for a period of five days in the payment of interest on, any Class A Note (excluding the Class A3 Step-up Amount) when and as the same ought to be paid in accordance with these Conditions; or
- (ii) default is made by the Issuer in the performance or observance of any other obligation binding upon it under any of the Class A Notes, the Note Trust Deed, the Issuer Deed of Charge or any other Relevant Document to which it is party and in any such case (except where the Note Trustee (or, in the case of the Issuer Deed of Charge, the Security Trustee) certifies that, in its opinion, such default is incapable of remedy when no notice will be required), such default continues for a period of 14 days following the service by the Note Trustee (or, in the case of the Issuer Deed of Charge, the Security Trustee) on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 9(a)(iv), ceases or, through an official action of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business or the Issuer is or is deemed unable to pay its debts as and when they fall due within the meaning of section 123(1) and (2) of the Insolvency Act 1986 (as that section may be amended from time to time) excluding for these purposes any increase or decrease in the amount of any reserve made (save in relation to any equity instrument) as a result of any requirement that any gain or loss arising from a change in the fair value of a financial asset or of a financial liability be recorded in reserves, whether by inclusion in the profit and loss account or otherwise (for the purpose of this clause, the terms financial asset and financial liability shall not include property assets or property liabilities); or
- (iv) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Note Trustee in writing or by an Extraordinary Resolution of the Class A Noteholders; or
- (v) proceedings shall be initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, an application to the court for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) or an administration order shall be granted or the appointment of an administrator takes effect or an administrative or other receiver, liquidator or other similar official shall be appointed in relation to the Issuer or, as the case may be, in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer

shall take possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) shall not be discharged or otherwise ceases to apply within 15 days, or the Issuer initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of or enters into any composition or other or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

provided that, in the case of each of the events described in Condition 9(a)(ii) the Note Trustee or, as the case may be, the Security Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Class A Noteholders.

(b) Class B Noteholders

This Condition 9(b) shall have no effect if, and for as long as, any Class A Note is outstanding. Subject thereto, and for so long as any Class B Notes are outstanding, the Note Trustee at its absolute discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class B Notes, or if so directed by or pursuant to an Extraordinary Resolution of the Class B Noteholders shall, (subject, in each case, to being indemnified to its satisfaction) give notice (a “**Class B Note Enforcement Notice**”) to the Issuer declaring the Notes to be due and repayable at any time after the happening of any of the following events each of which shall, in respect of the Class B Notes constitute a Note Event of Default):

- (i) default being made for a period of three days in the payment of the principal of, or premium if any on, or default being made for a period of five days in the payment of interest on, any Class B Note (excluding the Class B2 Step-up Amount) when and as the same ought to be paid in accordance with these Conditions; or
- (ii) the occurrence of any of the events in Condition 9(a)(ii) (iii), (iv) or (v) above, provided that, in the case of each of the events described in Condition 9(a)(ii), the reference therein to Class A Notes shall be read as a reference to Class B Notes and the Note Trustee or the Security Trustee, as the case may be, shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Class B Noteholders and provided further that, in the case of Condition 9(a)(iv), the reference therein to Class A Noteholders shall be read as a reference to Class B Noteholders.

(c) Class D Noteholders

This Condition 9(c) shall have no effect if, and for as long as, any Class A Note or Class B Note is outstanding. Subject thereto, and for so long as any Class D Notes are outstanding, the Note Trustee at its absolute discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class D Notes, or if so directed by or pursuant to an Extraordinary Resolution of the Class D Noteholders shall, (subject, in each case, to being indemnified to its satisfaction) give notice (a “**Class D Note Enforcement Notice**” and such notice alone or together with a Class B Note Enforcement Notice and/or a Class A Note Enforcement Notice shall be a “**Note Enforcement Notice**”) to the Issuer declaring the Notes to be due and repayable at any time

after the happening of any of the following events each of which shall, in respect of the Class D Notes constitute a Note Event of Default):

- (i) default being made for a period of three days in the payment of the principal of or premium (if any), or default being made for a period of five days in the payment of interest on, any Class D Note (excluding the Class D1(N) Step-up Amount) when and as the same ought to be paid subject to Condition 5(b)(iii) in accordance with these Conditions; or
 - (ii) the occurrence of any of the events in Condition 9(a)(ii), (iii), (iv) or (v) above, provided that, in the case of each of the events described in Condition 9(a)(ii), the reference therein to Class A Notes shall be read as a reference to Class D Notes and the Note Trustee or the Security Trustee, as the case may be, shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Class D Noteholders and provided further that, in the case of Condition 9(a)(iv), the reference therein to Class A Noteholders shall be read as a reference to Class D Noteholders.
- (d) For the avoidance of doubt, upon any declaration being made by the Note Trustee in accordance with Condition 9(a), (b) or (c) above that the Notes are due and repayable, all classes of the Notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest as provided in the Note Trust Deed.

10 Enforcement

Each of the Note Trustee and the Security Trustee may, at any time, at its discretion and without notice, take such proceedings against the Issuer or any other person as it may think fit to enforce the provisions of the Notes or any of the other Relevant Documents and, at any time after the occurrence of a Note Event of Default, the Security Trustee may, at its discretion and without further notice, take such steps as it may think fit to enforce the security constituted by the Issuer Deed of Charge, but neither of them shall be bound to take any such proceedings or steps unless:

- (a) it shall have been:
 - (i) in the case of the Security Trustee, so directed in writing by the Note Trustee;
 - (ii) so directed by an Extraordinary Resolution of the Class A Noteholders or so requested in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes; or
 - (iii) in the event that no Class A Note remains outstanding so directed, by an Extraordinary Resolution of the Class B Noteholders or so requested in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class B Notes; or
 - (iv) in the event that no Class A Note or Class B Note remains outstanding so directed, by an Extraordinary Resolution of the Class D Noteholders or so requested in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class D Notes; or
 - (v) when no Note is outstanding in the case of the Security Trustee, so requested by any other Issuer Secured Party (other than the Note Trustee); and
- (b) it shall have been indemnified to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or any other party to any Relevant Document or to enforce the Issuer Deed of Charge unless the Note Trustee, or, as the case may be, the Security Trustee having become bound so to do, fails to do so within a reasonable period and such

failure shall be continuing provided that (for so long as the Class A Notes (or any of them) are outstanding) no Class B Noteholder and no Class D Noteholder, and (if no Class A Note is outstanding in full, for so long as the Class B Notes (or any of them) are outstanding) no Class D Noteholder shall be entitled to take proceedings for the winding up or administration of the Issuer. The Security Trustee cannot, while any Note is outstanding, be required to enforce the Issuer Deed of Charge at the request of any Issuer Secured Party other than the Note Trustee and the Noteholders.

11 Meetings of Noteholders, Modification and Waiver

- (a) The Note Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of the Noteholders of a modification of the Notes (including these Conditions) or the provisions of any of the other Relevant Documents.
- (b) The Note Trust Deed and the Issuer Deed of Charge provide that:
 - (i) a resolution which in the opinion of the Note Trustee or, as the case may be, the Security Trustee, affects the interests of the holders of one class only of the Class A Notes shall be deemed to have been duly passed at a separate meeting of the holders of the Class A Notes of that class;
 - (ii) a resolution which in the opinion of the Note Trustee or, as the case may be, the Security Trustee, affects the interests of the holders of all classes of the Class A Notes but does not give rise to a conflict of interest between the holders of each class of the Class A Notes shall be deemed to have been duly passed if passed at a single meeting of the holders of the Class A Notes of all classes;
 - (iii) a resolution which in the opinion of the Note Trustee or, as the case may be, the Security Trustee, affects the interests of the holders of all classes of the Class A Notes and gives or may give rise to a conflict of interest between the holders of each class of the Class A Notes shall be deemed to have been duly passed only if in lieu of being passed at a single meeting of the holders of the Class A Notes of all classes it shall be duly passed at separate meetings of the holders of each class of the Class A Notes;
 - (iv) a resolution which in the opinion of the Note Trustee or, as the case may be, the Security Trustee, affects the interests of the holders of one class only of the Class B Notes shall be deemed to have been duly passed at a separate meeting of the holders of the Class B Notes of that class;
 - (v) a resolution which in the opinion of the Note Trustee or, as the case may be, the Security Trustee, affects the interests of the holders of all classes of the Class B Notes but does not give rise to a conflict of interest between the holders of each class of the Class B Notes shall be deemed to have been duly passed if passed at a single meeting of the holders of the Class B Notes of all classes;
 - (vi) a resolution which in the opinion of the Note Trustee or, as the case may be, the Security Trustee, affects the interests of the holders of all classes of the Class B Notes and gives or may give rise to a conflict of interest between the holders of each class of the Class B Notes shall be deemed to have been duly passed only if in lieu of being passed at a single meeting of the holders of the Class B Notes of all classes it shall be duly passed at separate meetings of the holders of each class of the Class B Notes;

- (vii) a resolution which in the opinion of the Note Trustee or, as the case may be, the Security Trustee, affects the interests of the holders of one class only of the Class D Notes shall be deemed to have been duly passed at a separate meeting of the holders of the Class D Notes of that class;
- (viii) a resolution which in the opinion of the Note Trustee or, as the case may be, the Security Trustee, affects the interests of the holders of all classes of the Class D Notes but does not give rise to a conflict of interest between the holders of each class of the Class D Notes shall be deemed to have been duly passed if passed at a single meeting of the holders of the Class D Notes of all classes; and
- (ix) a resolution which in the opinion of the Note Trustee or, as the case may be, the Security Trustee, affects the interests of the holders of all classes of the Class D Notes and gives or may give rise to a conflict of interest between the holders of each class of the Class D Notes shall be deemed to have been, duly passed only if in lieu of being passed at a single meeting of the holders of the Class D Notes of all classes it shall be duly passed at separate meetings of the holders of each class of the Class D Notes.

The Note Trust Deed and the Issuer Deed of Charge contain similar provisions in relation to requests in writing from Noteholders upon which the Note Trustee or, as the case may be, the Security Trustee is bound to act.

- (c) An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all Class A Noteholders, Class B Noteholders and Class D Noteholders and if no Class A Note is outstanding, an Extraordinary Resolution of the Class B Noteholders will be binding upon all Class D Noteholders irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of the date of maturity of the Notes or any class thereof or which would have the effect of postponing any day for payment of interest thereon, reducing or cancelling the amount of principal or the rate(s) of interest payable in respect of the Notes or any class thereof, altering the currency of payment of the Notes or any class thereof (other than as provided herein), or as the case may be, the Coupons or any class thereof or altering the quorum or majority required in relation to this exception, as set out in the Note Trust Deed (each a “**Basic Terms Modification**”), which, subject to Condition 11(f) and 11(g), shall not take effect unless the Note Trustee or, as the case may be, the Security Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class B Noteholders and the Class D Noteholders or it shall have been sanctioned by an Extraordinary Resolution of each of the Class B Noteholders and the Class D Noteholders and subject, in certain cases, to obtaining the consent of certain of the other Issuer Secured Parties (as set out in the Note Trust Deed).

An Extraordinary Resolution passed at any meeting of the Class B Noteholders or the Class D Noteholders (other than an Extraordinary Resolution sanctioning a Basic Terms Modification as aforesaid) shall not be effective for any purpose while any Class A Note remains outstanding unless either:

- (i) the Note Trustee or, as the case may be, the Security Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders; or
 - (ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders.
- (d) If no Class A Note is outstanding, an Extraordinary Resolution passed at any meeting of the Class B Noteholders shall be binding on all Class D Noteholders irrespective of the effect upon them, except an Extraordinary Resolution to sanction a Basic Terms Modification which, subject to Condition 11(f) and

11(g) will not take effect unless the Note Trustee or, as the case may be, the Security Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class D Noteholders or it shall have been sanctioned by an Extraordinary Resolution of the Class D Noteholders and subject, in certain cases, to obtaining the consent of certain of the other Issuer Secured Parties.

An Extraordinary Resolution passed at any meeting of the Class D Noteholders (other than an Extraordinary Resolution sanctioning a Basic Terms Modification as aforesaid) shall not be effective for any purpose while any Class B Note remains outstanding unless either:

- (i) the Note Trustee or, as the case may be, the Security Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class B Noteholders; or
 - (ii) it is sanctioned by an Extraordinary Resolution of the Class B Noteholders.
- (e) Subject as provided below, the quorum at any meeting of Noteholders (or any class thereof) for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. in Principal Amount Outstanding of the Notes (or the relevant class or classes thereof) or, at any adjourned meeting, one or more persons being or representing Noteholders (of the relevant class or classes), whatever the aggregate Principal Amount Outstanding of the Notes (or the relevant class or classes thereof) held or represented by them.
- (f) The quorum at any meeting of Noteholders (or any class thereof) for passing an Extraordinary Resolution in respect of a Basic Terms Modification shall be one or more persons holding or representing not less than three quarters or, at any adjourned meeting, one or more persons holding or representing not less than one quarter, of the aggregate Principal Amount Outstanding of the Notes (of the relevant class or classes thereof).

Subject to Condition 11(g) below, if any Class A Note is outstanding, it shall be necessary for the effectiveness of a Basic Terms Modification that it be sanctioned by Extraordinary Resolution of the Class A Noteholders, the Class B Noteholders and the Class D Noteholders passed at separate class meetings convened for that purpose unless a Note Enforcement Notice (as defined in Condition 9(c) above) has been served by the Note Trustee, in which case a Basic Terms Modification can be sanctioned by an Extraordinary Resolution of the Class A Noteholders only passed at a separate meeting. Subject to Condition 11(g) below, if no Class A Note is outstanding, it shall be necessary for the effectiveness of a Basic Terms Modification that it be sanctioned by Extraordinary Resolution of the Class B Noteholders and the Class D Noteholders passed at separate meetings convened for that purpose unless a Note Enforcement Notice has been served by the Note Trustee, in which case a Basic Terms Modification can be sanctioned by an Extraordinary Resolution of the Class B Noteholders only passed at a separate meeting.

The majority required for an Extraordinary Resolution shall be not less than 75 per cent. of the votes cast on the resolution.

- (g) If the Note Trustee is of the opinion (in its sole discretion) that a proposed Basic Terms Modification in respect of any particular class or classes of Notes is not materially prejudicial to the interests of any other class or classes of Noteholders in respect of which such Basic Terms Modification has not been proposed, such Basic Terms Modification can be sanctioned by an Extraordinary Resolution of the Noteholders of the class or classes of Notes in respect of which such Basic Terms Modification is proposed at a separate meeting or meetings.
- (h) The Note Trustee or, as the case may be, the Security Trustee, may agree, without the consent of the Noteholders or the Couponholders:

- (i) to any modification of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the other Relevant Documents which, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, is not materially prejudicial to the interests of the Noteholders; or
- (ii) to any modification which, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, is to correct a manifest error or is of a formal, minor or technical nature.

The Note Trustee may also, without the consent of the Noteholders or the Couponholders, determine that a Note Event of Default shall not, or shall not subject to specified conditions, be treated as such. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

- (i) Where the Note Trustee is required, in connection with the exercise of its rights, powers, trusts, authorities, duties and discretions, to have regard to the interests of the Noteholders or any class or classes thereof, it shall have regard to the interests of the Noteholders as a class or classes (as the case may be) and, in particular, but without prejudice to the generality of the foregoing, the Note Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Note Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.
- (j) The Note Trustee and the Security Trustee shall, without the consent of the Noteholders, agree to the substitution of the Borrower or the Parent in place of the Issuer as principal debtor under the Note Trust Deed and the Notes (the “**New Issuer**”) provided that the Note Trustee and the Security Trustee are satisfied that, at the time of the substitution, *inter alia*, the following conditions have or will be complied with (or suitable arrangements have been put in place to ensure compliance with such conditions):
 - (i) each of the Rating Agencies confirm that the Class A Notes, the Class B Notes and the Class D Notes, if issued by a member of the ITCGL Group (and assuming that the Class B and the Class D Notes ranked *pari passu* with the Class A Notes) would be assigned a rating of at least AAA and Aaa (or its equivalent) by the Rating Agencies;
 - (ii) in the case of the Security Trustee, the security held by it for the benefit of the Issuer Secured Parties (other than the Borrower) will not be materially prejudiced by such substitution;
 - (iii) the New Issuer assumes the obligations of the Issuer in the Note Trust Deed, the Conditions, (to the extent applicable) the Issuer Deed of Charge and the Agency Agreement subject to the representations and warranties, covenants and events of default contained therein being modified to reflect the representations and warranties, covenants and events of default contained in the Issuer/Borrower Facility Agreement and the Security Trust Deed, save for any modifications of the terms thereof agreed by the parties thereto acting in good faith; and
 - (iv) all amounts due and outstanding to the Liquidity Provider (if any) under the Liquidity Facility Agreement have been repaid in full and all amounts available to be drawn under the Liquidity Facility Agreement have been cancelled.

The Note Trustee or, as the case may be, the Security Trustee may also agree, without the consent of the Noteholders, to a change of the laws governing the Notes and/or the Relevant Documents, provided that such change would not, in the opinion of the Note Trustee (or, as the case may be, the Security Trustee), be materially prejudicial to the interests of the Noteholders.

- (k) The Note Trustee shall be entitled to assume without further enquiry, for the purposes of exercising any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Relevant Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders or any class or classes thereof if each of the Rating Agencies has confirmed that no Rating Event in respect of the Notes or, as the case may be, the relevant class or classes thereof would occur as a result of such exercise.

12 Indemnification and Exoneration of the Note Trustee and the Security Trustee

The Note Trust Deed, the Issuer Deed of Charge and certain of the other Relevant Documents contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee, respectively, and for their indemnification in certain circumstances, including provisions relieving them from taking enforcement proceedings or, in the case of the Security Trustee, enforcing the Issuer Deed of Charge unless indemnified to their satisfaction. Neither the Note Trustee nor the Security Trustee will be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the security created by the Issuer Deed of Charge, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of other parties to the Relevant Documents, clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other similar persons whether or not on behalf of the Security Trustee.

The Note Trust Deed and the Security Trust Deed contain provisions pursuant to which the Note Trustee and the Security Trustee, respectively, or any of their related companies is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Relevant Documents and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Relevant Documents and/or any of their subsidiary or associated companies, (ii) to exercise and enforce their rights, comply with their obligations and perform their duties, under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders or the other Issuer Secured Parties and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Security Trust Deed also relieves the Security Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Issuer Deed of Charge. The Security Trustee has no responsibility in relation to the validity, sufficiency and enforceability of the Issuer Deed of Charge. The Security Trustee and the Note Trustee will not be obliged to take any action which might result in their incurring personal liabilities unless indemnified to their satisfaction or to supervise the performance by the Liquidity Provider or any other person of their obligations under the Relevant Documents and the Note Trustee and the Security Trustee shall assume, until they have actual knowledge to the contrary, that all such persons are properly performing their duties, notwithstanding that the security created by the Issuer Deed of Charge (or any part thereof) may, as a consequence, be treated as floating rather than fixed security,

13 Replacement of Notes and Coupons

(a) *Definitive Notes*

If any Definitive Note, Coupon or talon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Definitive Note, Coupon or talon will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Definitive Notes, Coupons or talons must be surrendered before new ones will be issued.

(b) *Global Notes*

If a Global Note is lost, stolen, mutilated, defaced or destroyed, it shall, upon satisfactory evidence of such loss, theft, mutilation, defacement or destruction being given to the Issuer and the Note Trustee, become void and a duly executed and authenticated replacement Global Note will be delivered by the Issuer to the Common Depository only upon surrender, in the case of mutilation or defacement, of the relevant Global Note. Replacement thereof will only be made upon payment of such costs as may be incurred in connection therewith and on such terms as to evidence (in addition to the aforesaid evidence) and indemnity as the Issuer and the Principal Paying Agent may reasonably require.

14 Notice to Noteholders

Any notice to the Noteholders shall be validly given if sent to Clearstream, Luxembourg and Euroclear and shall be deemed to be given on the date on which it was so sent. Alternatively, any notice to the Noteholders shall be validly given if published in the *Financial Times* (UK edition) or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Note Trustee shall approve having a general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required. The Issuer shall also ensure that notices to the Noteholders are duly published in a manner which complies with the rules and regulations of the United Kingdom Listing Authority or the London Stock Exchange for so long as the Notes continue to be listed on the Official List of the United Kingdom Listing Authority and on the London Stock Exchange's regulated market for listed securities. If the giving of notices via Clearstream, Luxembourg and Euroclear or the publication of notices (each as described above) is not practicable, notices to Noteholders will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Note Trustee in its absolute discretion shall determine.

A copy of each notice to the Noteholders shall be provided to the United Kingdom Listing Authority (for so long as the Notes are admitted to the Official List of the United Kingdom Listing Authority) and to the London Stock Exchange (for so long as the Notes are listed on the London Stock Exchange's regulated market for listed securities) and to each of Fitch Ratings Limited, Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc. and Moody's Investors Service Limited (together, the "**Rating Agencies**" which reference in these Conditions shall include any additional or replacement Rating Agency appointed by the Issuer, with the prior written approval of the Note Trustee, to provide a credit rating in respect of the Notes or any class thereof). For the avoidance of doubt, and unless the context otherwise requires, all references to rating and ratings in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies.

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class of them if, in its opinion, such other method is reasonable having regard to market practice then

prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

15 Subordination and deferral

(a) Interest

Subject to Condition 9, (for the avoidance of doubt, this Condition 15(a) shall cease to apply to the Class B Notes on any Interest Payment Date falling after the redemption in full of the Class A Notes, or to apply to the Class D Notes on any Interest Payment Date falling after the redemption in full of the Class A Notes and Class B Notes, such that any amount previously deferred shall become due for payment on the next succeeding Interest Payment Date), in the event that, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts referred to in items (a) to (e) (inclusive) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class B Notes (excluding the Class B2 Step-up Amount)) (the “**Class B Interest Residual Amount**”) or items (a) to (f) (inclusive) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class D Notes (excluding any Class D1(N) Step-up Amount)) (the “**Class D Interest Residual Amount**”), respectively, (each an “**Interest Residual Amount**”), are not sufficient to satisfy in full the aggregate amount of interest due, subject to this Condition 15(a), and payable on the Class B Notes (excluding any Class B2 Step-up Amount) or the Class D Notes (excluding any Class D1(N) Step-up Amount) (as the case may be), on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class B Note or Class D Note, as applicable, only a *pro rata* share of the Interest Residual Amount attributable to the relevant class of Notes on such Interest Payment Date.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Class B Notes (excluding any Class B2 Step-up Amount) or Class D Notes (excluding any Class D1(N) Step-up Amount) on any Interest Payment Date in accordance with this Condition 15(a) falls short of the aggregate amount of interest payable on the Class B Notes (excluding any Class B2 Step-up Amount) or, as the case may be, the Class D Notes (excluding any Class D1(N) Step-up Amount) on that date pursuant to Condition 4. Any such shortfall arising in respect of the Class B Notes or the Class D Notes shall itself accrue interest at the same rate as that payable in respect of the Class B Notes or, as the case may be, the Class D Notes and shall be payable together with such accrued interest on any succeeding Interest Payment Date only if and to the extent that, on such Interest Payment Date, the Issuer Available Funds, after deducting the amounts referred to in items (a) to (e) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class B Notes) or items (a) to (f) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class D Notes) respectively are sufficient to make such payment.

(b) Principal

Subject to Condition 9, (for the avoidance of doubt, this Condition 15(b) shall cease to apply to the Class B Notes on any Interest Payment Date falling after the redemption in full of the Class A Notes, or to apply to the Class D2 Notes on any Interest Payment Date falling after the redemption in full of the Class A Notes and Class B Notes, such that any amount previously deferred shall become due for payment on the next succeeding Interest Payment Date) in the event that, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts referred to in items (a) to (e) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class B Notes) (the “**Class B Principal Residual Amount**”) or items (a) to (f) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class D2 Notes) (the “**Class D Principal Residual Amount**”), respectively, (each a “**Principal Residual Amount**”), are not sufficient to pay in full the aggregate amount of principal due,

subject to this Condition 15(b), on the Class B Notes or the Class D2 Notes (as the case may be) on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of principal on each Class B Note or Class D2 Note, as applicable, only a *pro rata* share of the Principal Residual Amount attributable to the relevant class of Notes on such Interest Payment Date calculated by dividing the relevant Principal Residual Amount by the number of Class B Notes or, as the case may be, Class D2 Notes then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of principal paid on the Class B Notes or Class D2 Notes, as the case may be, on any Interest Payment Date in accordance with this Condition 15(b) falls short of the aggregate amount of principal payable on the Class B Notes or Class D2 Notes, as the case may be, on that date pursuant to Condition 5. Such shortfall shall accrue interest at the same rate as that payable in respect of the Class B Notes or Class D2 Notes, as applicable, and shall be payable together with accrued interest on any succeeding Interest Payment Date only if and to the extent that on such Interest Payment Date the Issuer Available Funds, after deducting the amounts referred to in items (a) to (e) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class B Notes) or items (a) to (f) of the Issuer Pre-Enforcement Priority of Payments (in the case of the Class D2 Notes) respectively are sufficient to make such payment.

(c) *General*

Subject to Condition 9, any amounts of principal or interest in respect of the Class B Notes and the Class D Notes otherwise payable under these Conditions which are not paid by virtue of this Condition 15 together with accrued interest thereon shall become payable on the Interest Payment Date falling in January 2029 in the case of the Original Class B Notes and on the Interest Payment Date falling in April 2029 in the case of the Third Issue Class B3 Notes and the Third Issue Class D3 Notes and on the Interest Payment Date falling in July 2038 in relation to the Class B2 Notes or on such earlier date as the Class B Notes or the Class D Notes become immediately due and repayable under Condition 9.

(d) *Notification*

As soon as practicable after becoming aware that any part of a payment of interest or principal on the Class B Notes or the Class D Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 15, the Issuer will give notice thereof to the Note Trustee and the Class B Noteholders or the Class D Noteholders, as the case may be, in accordance with Condition 14 and, so long as the Class B Notes and the Class D Notes are admitted to the Official List of the United Kingdom Listing Authority, to the United Kingdom Listing Authority and to the London Stock Exchange for so long as the Notes are admitted to trading on the London Stock Exchange's regulated market for listed securities.

(e) *Step-up Amounts*

In the event that, on any Interest Payment Date, the amount available to the Issuer, subject to and in accordance with the Cash Management Agreement, to apply on such Interest Payment Date, after deducting the amounts referred to in items (a) to (h) (inclusive) (in the case of the Class A3 Step-up Amount), items (a) to (i) (inclusive) (in the case of the Class B2 Step-up Amount) or items (a) to (j) (inclusive) (in the case of the Class D1(N) Step-up Amount) of the Issuer Pre-Enforcement Priority of Payments (such shortfall, in each case, a "**Step-up Residual Amount**"), is not sufficient to satisfy in full the aggregate amount of the Class A3 Step-up Amount or, as the case may be, the Class B2 Step-up Amount, or, as the case may be, the Class D1(N) Step-up Amount, subject to this Condition 15(e), due on the Class A3 Notes or, as the case may be, the Class B2 Notes or, as the case may be, the Class

D1(N) Notes on such Interest Payment Date (such shortfall, in each case, to be referred to herein as a “**Step-up Shortfall**”), there shall instead be payable on such Interest Payment Date by way of Class A3 Step-up Amount (together with any accrued but unpaid Class A3 Step-up Amount and interest accrued thereon) or, as the case may be, by way of Class B2 Step-up Amount (together with any accrued but unpaid Class B2 Step-up Amount and interest accrued thereon) or, as the case may be, by way of Class D1(N) Step-up Amount (together with any accrued but unpaid Class D1(N) Step-up Amount of interest accrued thereon), a *pro rata* share of the Step-up Residual Amount attributable to the relevant class of Notes on such Interest Payment Date.

In any such event, the Issuer shall create a provision in its accounts for any Step-up Shortfall. Such Step-up Shortfall shall itself accrue interest at a rate equal to the sum of the fixed rate payable by the Issuer under the swap transaction relating to the relevant class of Notes and the Class A3 Step-up Margin or, as the case may be, the Class B2 Step-up Margin, or, as the case may be, the Class D1(N) Step-up Margin and shall be payable (together with any accrued but unpaid Class A3 Step-up Amount and/or, as the case may be, Class B2 Step-up Amount and/or, as the case may be, the Class D1(N) Step-up Amount, and all interest accrued thereon) on the next succeeding Interest Payment Date, subject to the provisions of Condition 15(a).

16 Further Issues, Replacement Issues and New Notes

(a) Further Issues

- (i) The Issuer shall be at liberty, without the consent of the Noteholders, but subject always to the Conditions and the provisions of the Note Trust Deed to raise further funds, from time to time, on any date (subject to certain conditions contained in the Note Trust Deed being met) by the creation and issue of (aa) further Class A1(N) Notes (the “**Further Class A1(N) Notes**”), (bb) further Class A2 Notes (the “**Further Class A2 Notes**”), (cc) further Class A3 Notes (the “**Further Class A3 Notes**”), (dd) further Third Issue Class A4 Notes (the “**Further Third Issue Class A4 Notes**”), the Further Class A1(N) Notes, the Further Class A2 Notes and the Further Class A3 Notes, the “**Further Class A Notes**”), (ee) further Original Class B Notes (the “**Further Original Class B Notes**”), (ff) further Class B2 Notes (the “**Further Class B2 Notes**”), (gg) further Third Issue Class B3 Notes (the “**Further Third Issue Class B3 Notes**” and together with the Further Original Class B Notes and the Further Class B2 Notes, the “**Further Class B Notes**”), (hh) further Class D1(N) Notes (the “**Further Class D1(N) Notes**”), (ii) further Class D2 Notes (the “**Further Class D2 Notes**”) and (jj) further Third Issue Class D3 Notes (the “**Further Third Issue Class D3 Notes**” and, together with the Further Class D1(N) Notes and the Further Class D2 Notes, the “**Further Class D Notes**” and together with the Further Class A Notes and the Further Class B Notes, the “**Further Notes**”) in bearer form carrying the same terms and conditions in all respects (other than the issue date, (if the issue date is not an Interest Payment Date), the first Interest Period, the first Interest Payment Date, (if the issue date is not an Interest Payment Date) the amount of the first interest payment and the first repayment of principal under the Further Notes) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, and share the same security as, the relevant class of Notes.
- (ii) Application will be made to the United Kingdom Listing Authority for the Further Notes to be admitted to the Official List and for admission to trading on the London Stock Exchange’s regulated market for listed securities. It shall be a condition precedent to the issue of any Further Notes that (aa) the aggregate principal amount of all Further Notes to be issued on such date is not less than £15,000,000, (bb) any Further Notes are assigned the same ratings as are

then applicable to the relevant class of Notes, (cc) the Rating Agencies have confirmed that the ratings of the Class A Notes, the Class B Notes and the Class D Notes are not adversely affected by such issue, (dd) the gross proceeds of any such issue are applied by the Issuer pursuant to the Issuer/Borrower Facility Agreement, (ee) the conditions precedent to the application of the proceeds of issue under the Issuer/Borrower Facility Agreement are met in accordance with the terms thereof, (ff) the Issuer's interest payment liabilities in respect of such Notes are hedged to the satisfaction of the Rating Agencies and (gg) no Note Event of Default or Potential Note Event of Default has occurred and is continuing or would occur as a result. All references in these Conditions to the Class A Notes, the Class B Notes and the Class D Notes shall include references to any Further Class A Notes, Further Class B Notes and Further Class D Notes, respectively, in issue from time to time. All references in these Conditions to the Notes shall include references to any Further Notes in issue from time to time.

(b) *Replacement Issues*

If the Issuer exercises its option to redeem in whole one or more classes of Notes pursuant to Condition 5(c), the Issuer shall have the right to issue one or more classes of replacement notes ("**Replacement Notes**") which carry the same terms and conditions in all respects (except in relation to (aa) the first Interest Period and (bb) the rate of interest applicable to the replacement notes (which must be lower than the rate of interest applicable to the equivalent class of Notes being redeemed)) as the class or classes of Notes which are to be so redeemed, such replacement notes on issue to be in an amount which in aggregate does not exceed the then aggregate Principal Amount Outstanding of the class or classes to be so redeemed, provided always that the conditions to the issue of Further Notes as set out in Condition 16(a) are and will be met in respect of such Replacement Notes as if references therein to Further Notes were references to Replacement Notes.

(c) *New Notes*

The Issuer shall be at liberty, without the consent of the Noteholders (but subject always to the provisions of the Note Trust Deed), to raise further funds from time to time and on any date by the creation and issue of additional new notes (the "**New Notes**") in bearer form which may rank *pari passu* with the Class A Notes (or after the Class A Notes but ahead of *pari passu* with the Class B Notes or after the Class B Notes but ahead of or *pari passu* with or after the Class D Notes) carrying terms which differ from the Class A Notes, the Class B Notes and the Class D Notes and which do not form a single series with the Class A Notes, the Class B Notes or the Class D Notes provided that the conditions to the issue of Further Notes as set out in Condition 16(a)(ii) as applicable are met in respect of the issue of such New Notes as if reference therein to Further Notes were references to New Notes.

(d) *Supplemental Trust Deeds and Security*

Any such Further Notes, Replacement Notes or New Notes will be constituted by a further deed or deeds supplemental to the Note Trust Deed and have the benefit of security pursuant to the Issuer Deed of Charge as described above in Condition 2.

References in these Conditions to Notes shall, to the extent applicable, include references to any outstanding Replacement Notes, Further Notes and/or New Notes.

17 Rights of Third Parties

Neither the Notes nor any Coupon confers any right on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note or any such Coupon, but this does not affect any right or remedy of any person which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law

The Note Trust Deed, these Conditions, the Issuer Deed of Charge, the Agency Agreement, the other Relevant Documents and the Notes (including the Third Issue Notes) and all non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Note Trust Deed, the Agency Agreement, the Temporary Global Notes and the Permanent Global Notes in respect of the Third Issue Notes contain provisions which apply to the Third Issue Notes while they are in global form, some of which modify the effect of the terms and conditions of the Third Issue Notes set out in this document. The following is an overview of certain of those provisions:

1 Exchange

The Temporary Global Notes are exchangeable in whole or in part for interests in the Permanent Global Notes on or after a date which is expected to be 40 days after the Third Issue Closing Date (the “**Exchange Date**”), upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Notes. The Third Issue Permanent Global Notes are exchangeable in whole but not in part (free of charge to the holder) for Definitive Notes described below if the Permanent Global Notes are held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Note Trustee is then in existence.

If the Issuer becomes obliged to issue Definitive Notes in the circumstances described in the foregoing paragraph, the holder of the Permanent Global Notes may request that the Permanent Global Notes are exchanged for Definitive Notes, subject to the terms of the Note Trust Deed, the Issuer shall procure the Principal Paying Agent shall issue and deliver an equal aggregate principal amount of Definitive Notes, in bearer form, each with denominations of £100,000 and integral multiples of £1,000 in excess thereof with only principal and interest coupons and talons exchangeable for further principal and interest coupons and, if necessary, further talons, attached as will ensure that neither loss nor gain of principal and interest shall accrue to the holder thereof. If the Issuer fails to meet its obligations to issue Definitive Notes, this shall be without prejudice to the Issuer’s obligations with respect to the Third Issue Notes under the Note Trust Deed and the Permanent Global Notes.

2 Payments

Any payment of interest and/or principal with respect to the Temporary Global Notes shall be made to or to the order of the holder of the Temporary Global Notes upon presentation at the Principal Paying Agent’s office of a certificate of non-US beneficial ownership in the form set out in the Temporary Global Notes. Payments of principal and interest in respect of Third Issue Notes represented by Permanent Global Notes will be endorsed on the schedule to the relevant Permanent Global Note in accordance with the provisions of the Agency Agreement which endorsement will be *prima facie* evidence that such payment has been made in respect of the Third Issue Notes.

3 Purchase and Cancellation

Cancellation of any Note required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the relevant Permanent Global Notes.

4 Trustee’s Powers

In considering the interests of Noteholders while the Permanent Global Notes are held on behalf of a clearing system, the Note Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the

Permanent Global Notes and may consider such interests as if such accountholders were the holder of the Permanent Global Notes.

TAXATION

The comments below are of a general nature based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) and are not intended to be exhaustive, however, they relate specifically to the Third Issue Notes rather than any other class of Notes. It also includes a discussion of certain taxation issues arising as a result of FATCA. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

1 Interest on the Third Issue Notes

The Third Issue Notes issued will constitute “quoted Eurobonds” provided they are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are both admitted to trading on the London Stock Exchange and are officially listed in London in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area.

Whilst the Third Issue Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Third Issue Notes may be made without withholding or deduction for or on account of United Kingdom tax.

In all other cases, interest will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate, subject to the availability of other reliefs or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

2 Treatment of any Premium Payable on Redemption

Where Third Issue Notes are to be, or may fall to be, redeemed at a premium as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to the rules on United Kingdom withholding tax outlined above and reporting requirements as outlined below.

3 Information Reporting and Savings Directive

3.1 Information Reporting

HM Revenue & Customs has powers to obtain information relating to securities in certain circumstances. This may include details of the beneficial owners of the Third Issue Notes (or the persons for whom the Third Issue Notes are held), details of the persons to whom payments derived from the Third Issue Notes are or may be paid and information and documents in connection with transactions relating to the Third Issue Notes. Information may be required to be provided by, amongst others, the holders of the Third Issue Notes, persons by (or via) whom payments derived from the Third Issue Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Third Issue Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HM Revenue & Customs may be exchanged with tax authorities in other countries.

3.2 EU Directive on the Taxation of Savings Income

The EU has adopted the Savings Directive on the taxation of savings income. The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

4 The Proposed Financial Transactions Tax (“FTT”)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Third Issue Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Third Issue Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Third Issue Notes are advised to seek their own professional advice in relation to the FTT.

5 U.S. Foreign Account Tax Compliance Withholding

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY PERSON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE PURCHASERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 (“**FATCA**”) impose a withholding tax of 30 per cent. on (i) certain U.S. source payments and (ii) payments of

gross proceeds from the disposition of assets that produce U.S. source interest or dividends made to persons that fail to meet certain certification or reporting requirements. In order to avoid becoming subject to this withholding tax, non-U.S. financial institutions must enter into agreements with the U.S. Internal Revenue Service (“**IRS Agreements**”) (as described below) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law (“**IGA legislation**”) intended to implement an intergovernmental agreement entered into pursuant to FATCA (“**IGAs**”), may be required to identify “financial accounts” held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after (i) July 1, 2014 in respect of certain US source payments, (ii) January 1, 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce US source interest or dividends and (iii) January 1, 2017 (at the earliest) in respect of “foreign passthru payments” and then, for “obligations” that are not treated as equity for U.S. federal income tax purposes, only on such obligations that are issued or materially modified on or after (a) July 1, 2014, or (b) in the case of an obligation that pays only foreign passthru payments, the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed in the Federal Register.

The application of FATCA to interest, principal or other amounts paid with respect to the Third Issue Notes and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions (including the United Kingdom) have entered into, or have announced their intention to enter into, intergovernmental agreements (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear. The Issuer and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive and/or (ii) to comply with applicable law in their jurisdiction. It is not yet certain how the United States and the jurisdictions which enter into intergovernmental agreements will address withholding on “foreign passthru payments” (which may include payments on the Third Issue Notes) or if such withholding will be required at all.

Whilst the Third Issue Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the “**ICSDs**”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Third Issue Notes by the Issuer any paying agent and the Common Depositary, given that each of the entities in the payment chain from (but excluding) the Issuer to (but including) the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Third Issue Notes. The documentation expressly contemplates the possibility that the Third Issue Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA-

compliant holder could be subject to withholding. However, Definitive Notes will only be printed in remote circumstances.

If an amount in respect of withholding tax were to be deducted or withheld from interest, principal or other payments on the Third Issue Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms and conditions of the Third Issue Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, if FATCA withholding were to apply to payments on the Third Issue Notes, investors may receive less interest or principal than they would otherwise receive.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE THIRD ISSUE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF THIRD ISSUE NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

6 Cayman Islands Taxation

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Third Issue Notes. The discussion is a general overview of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws payments of interest and principal on the Third Issue Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Third Issue Notes, nor will gains derived from the disposal of the Third Issue Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. No stamp duty is payable in respect of the issue of the Third Issue Notes. A Third Issue Note in definitive or bearer form will be stampable if it is executed in or brought into the Cayman Islands. An instrument of transfer in respect of a Third Issue Note is stampable if executed in or brought into the Cayman Islands. The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands that for a period of 20 years from 24 August 1999, no law which is enacted in the Cayman Islands imposing any tax or duty to be levied on profits, income, gains or appreciations shall apply to the Issuer or its operations, and no such tax or any tax in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations of the Issuer or by way of the withholding in whole or in part of any payment of dividend or principal or interest or other sums due under a debenture or other obligation of the Issuer.

United Kingdom and Cayman Islands Information Sharing Agreement

Investors who are resident in the United Kingdom for tax purposes should be aware that the United Kingdom has now signed an intergovernmental automatic information exchange agreement with the Cayman Islands (and is in the process of negotiating and agreeing similar agreements with other United Kingdom Overseas Territories and Crown Dependencies), modelled on the intergovernmental agreement between the United Kingdom and the United States that implements the United States FATCA legislation. Though not yet in force, if implemented in accordance with its proposed terms, under this automatic information exchange agreement, the Cayman Islands will, subject to any applicable exemptions, likely require the Issuer to identify any direct or indirect United Kingdom resident investors (including debt holders and equity holders) in the Third Issue Notes and obtain and provide to the Cayman Islands Tax Information Authority certain information about such United Kingdom resident account investors. Such information will then be

automatically exchanged by the Cayman Islands Tax Information Authority with the United Kingdom tax authorities. An investor that is resident in the United Kingdom for tax purposes or is an entity that is identified as having one or more controlling persons that is resident in the United Kingdom for tax purposes will generally be required to provide to the Issuer information which identifies such United Kingdom tax resident persons and the extent of their respective interests in the Issuer. Investors who may be affected should consult their own tax advisers regarding the possible implications of these rules.

FATCA - the Cayman Islands entered into a Model 1 intergovernmental agreement (the "**IGA**") with the United States on 29 November 2013. The terms of the IGA are broadly similar to those agreed with the United Kingdom and the Republic of Ireland. Under the terms of the IGA, the Issuer will not be required to enter an agreement with the US Internal Revenue Service ("**IRS**"), but may instead be required to register with the IRS to obtain a Global Intermediary Identification Number ("**GIIN**") and then comply with Cayman Islands legislation that is to be implemented to give effect to the IGA. The terms of such legislation are at this stage still uncertain and it is not yet clear whether the Issuer will be a certified deemed compliant entity with no reporting required or a registered deemed compliant entity which would require the Issuer to report to the Cayman Islands Tax Information Authority, which will exchange such information with the IRS under the terms of the IGA. To the extent the Issuer cannot be treated as a certified deemed compliant entity, the Issuer would be a "Reporting Cayman Islands Financial Institution" (as defined in the IGA). As such, the Issuer can effect registration with the IRS to obtain a GIIN through to the end of 2014. Under the terms of the IGA, withholding will not be imposed on payments made to the Issuer, or on payments made by the Issuer to the Noteholders (other than perhaps certain passthru withholding), unless the IRS has specifically listed the Issuer as a non-participating financial institution, or the Issuer has otherwise assumed responsibility for withholding under United States tax law.

SUBSCRIPTION AND SALE

The Lead Managers have, pursuant to the subscription agreement entered into between, among others, the Lead Managers and the Issuer dated 26 February 2014 (the “**Third Issue Subscription Agreement**”), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Third Issue Notes at 99.889 per cent. of the aggregate principal amount of the Third Issue Class A4 Notes, 99.351 per cent. of the aggregate principal amount of the Third Issue Class B3 Notes and 99.411 per cent. of the aggregate principal amount of the Third Issue Class D3 Notes.

The Issuer has agreed in the Third Issue Subscription Agreement to pay underwriting commissions to the Lead Managers and to reimburse and indemnify the Lead Managers for certain of their expenses and liabilities in connection with the issue of the Third Issue Notes.

The Third Issue Subscription Agreement is subject to a number of conditions and may be terminated by the Lead Managers in certain circumstances prior to payment for the Third Issue Notes to the Issuer.

United States

The Third Issue Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”). The Third Issue Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Lead Manager has agreed that, except as permitted by the Third Issue Subscription Agreement, it will not offer, sell or deliver the Third Issue Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Third Issue Notes and the Third Issue Closing Date (the “**Distribution Compliance Period**”), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Third Issue Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Third Issue Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Third Issue Notes, an offer or sale of the Third Issue Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Relevant Member State, each Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Third Issue Notes which are the subject of the offering contemplated by this Prospectus in relation thereto to the public in that Relevant Member State other than:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Lead Manager or Lead Managers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Third Issue Notes shall require the Issuer or any Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Third Issue Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Third Issue Notes to be offered so as to enable an investor to decide to purchase or subscribe the Third Issue Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

United Kingdom

Each Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Third Issue Notes in, from or otherwise involving the United Kingdom.

Cayman Islands

Each Lead Manager has represented and agreed that no invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Third Issue Notes unless the Issuer is listed on the Cayman Islands Stock Exchange.

General

Under the Subscription Agreement, each Lead Manager has acknowledged that, save for making such applications and for having procured the delivery of a copy of the Prospectus for registration to the Financial Conduct Authority, no action has been or will be taken in any jurisdiction by it that would permit a public offering of the Third Issue Notes, or possession or distribution of the Prospectus (in preliminary or final form) or any amendment or supplement thereto or any other offering material relating to the Third Issue Notes in any country or jurisdiction where action for that purpose is required. Under the Subscription Agreement, each Lead Manager has agreed to comply with all applicable laws and regulations and directives in each jurisdiction in or from which it purchases, offers, sells or delivers Notes or have in its possession or distribute the Prospectus (in preliminary or in final form) or any amendment or supplement thereto or any other offering material.

Attention is drawn to the information set out on the inside front cover of this Prospectus.

GENERAL INFORMATION

- 1 The issue of the Third Issue Notes was authorised by resolution of the board of directors of the Issuer passed on 17 February 2014 and the Borrower passed on 17 February 2014.
- 2 The Third Issue Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (each a “**Clearing System**”) (which are the entities in charge of keeping the records) as follows:

	Common Code	ISIN
Third Issue Class A4 Notes.....	103162084	XS1031620849
Third Issue Class B3 Notes.....	103162980	XS1031629808
Third Issue Class D3 Notes.....	103163331	XS1031633313

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

- 3 It is expected that admission of the Third Issue Notes to the Official List and to trading on London Stock Exchange’s regulated market for listed securities will be granted on or about 4 March 2014, subject only to issue of the Third Issue Temporary Global Notes. The listing of the Third Issue Notes will be cancelled if the Third Issue Temporary Global Notes are not issued. Transactions will normally be effected for settlement in sterling and for delivery on the third working day after the day of the transaction. Prior to official listing, however, dealings in the Third Issue Notes will be permitted by the London Stock Exchange in accordance with its rules. The estimated cost of the applications for admission to the Official List and admission to trading on the London Stock Exchange’s market for listed securities is £7,000.
- 4 So long as the Notes are listed on the Official List and traded on the regulated market for listed securities of the London Stock Exchange, the most recently published audited annual accounts of the Issuer and the Borrower from time to time will be available at the specified office of the Principal Paying Agent.
- 5 PricewaterhouseCoopers LLP, registered office 1 Embankment Place, London WC2N 6RH (a member of the Institute of Chartered Accountants in England and Wales and registered auditors and chartered accountants) are the independent auditors to the Issuer and the Obligors, and acting in their capacity as such to the Issuer and the Obligors have audited the Issuer’s and the Obligors’ accounts, without qualification, in accordance with the international financial reporting standards within the meaning of IAS Regulation 1606/2002, for each of the financial periods ended 31 December 2012 and 31 December 2013, respectively. PricewaterhouseCoopers LLP has no material interest in the Issuer or the Obligors.
- 6 Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements other than in the ordinary course of its business and the Relevant Documents to which it is a party.
- 7 Since the date of its incorporation, the Borrower has not entered into any contracts or arrangements other than in the ordinary course of its business and the Relevant Documents to which it is a party.
- 8 Save as disclosed in this document, neither the Issuer nor the Borrower has outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer or the Borrower created any mortgages, charges or given any guarantees.
- 9 In respect of the Issuer there are no, and during the 12 months prior to the date of this Prospectus, there have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have or have had, significant effects on the Issuer’s financial position or profitability. In respect of the Obligors there are no, and during the 12 months

prior to the date of this Prospectus, there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Obligors are aware), which may have or have had, significant effects on the Obligors' financial position or profitability.

- 10 There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2013 being the date of its last published audited financial statements. There has been no material adverse change in the financial position or prospects of the Borrower, Intermediate Holdings or the Parent since 31 December 2013 being the date of their last published audited financial statements. There has been no significant change in the financial or trading position of the Borrower which has occurred since 31 December 2013 (being the end of the last financial period for which audited financial information in respect of the Borrower has been published).
- 11 Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- 12 The Issuer and the Obligors have requested Cushman & Wakefield, leading consultants (including valuation) on commercial property, registered office 43-45 Portman Square, London W1A 3BG to prepare the Valuation Report in connection with the Notes. Cushman & Wakefield (i) has given and has not withdrawn its written consent both to the inclusion in this Prospectus of its Valuation Report as included at Annex 2 of this Prospectus, and to references to its Valuation Report in the form and context in which it appears, and (ii) has authorised the contents of that section of this Prospectus.
- 13 The Rating Agencies will be entitled, unless the relevant Noteholders otherwise decide by ordinary resolution at the relevant meeting or in some other manner approved by the Note Trustee, to attend (but not vote) at meetings of Noteholders of any class convened to consider Extraordinary Resolutions, subject to the proviso that they will not be entitled to be present during voting (including, without limitation, on any such ordinary resolution as is referred to above) and will not be permitted to speak at meetings.
- 14 Copies of following documents may be inspected during usual business hours on any week day (excluding Saturdays, Sundays and public holidays) at the office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB for 14 days from the date of this document:
 - (i) Memorandum and Articles of Association of the Issuer and the Borrower;
 - (ii) the audited financial statements of the Issuer and Borrower for the years ending 31 December 2012 and 31 December 2013;
 - (iii) the Valuation Report of Cushman & Wakefield dated 18 February 2014; and
 - (iv) conformed copies and, where applicable, drafts (subject to modification) of the following documents (together with the subscription agreement relating to the Original Notes, the subscription agreement relating to the Second Issue Notes and the Third Issue Subscription Agreement, the “**Relevant Documents**”):
 - (a) the Original Note Trust Deed;
 - (b) the First Supplemental Note Trust Deed;
 - (c) the Second Issue Note Trust Deed;
 - (d) the Third Issue Note Trust Deed;
 - (e) the Original Issuer Deed of Charge;

- (f) the Second Issue Issuer Deed of Charge;
- (g) the Third Issue Issuer Deed of Charge;
- (h) the Original Cash Management Agreement;
- (i) the Second Issue Cash Management Agreement;
- (j) the Third Issue Cash Management Agreement;
- (k) the Bank Account Agreement;
- (l) the Original Security Trust Deed;
- (m) the Second Issue Security Trust Deed;
- (n) the Third Issue Security Trust Deed;
- (o) the Original Agency Agreement;
- (p) the Second Issue Agency Agreement;
- (q) the Third Issue Agency Agreement;
- (r) the Interest Rate Cap Agreement;
- (s) the Note Interest Rate Swap Agreements;
- (t) the Loan Interest Rate Swap Agreements;
- (u) the Original Liquidity Facility Agreement;
- (v) the Second Issue Liquidity Facility Agreement;
- (w) the Third Issue Liquidity Facility Agreement;
- (x) the Original Issuer/Borrower Facility Agreement;
- (y) the Second Issue Issuer/Borrower Facility Agreement;
- (z) the Third Issue Issuer/Borrower Facility Agreement;
- (aa) the Original Master Definitions and Construction Agreement;
- (bb) the Second Issue Master Definitions and Construction Agreement;
- (cc) the Third Issue Master Definitions and Construction Agreement;
- (dd) the Deeds of Tax Covenant; and
- (ee) two indemnities in relation to certain pension matters dated the Second Issue Closing Date and the Third Issue Closing Date, respectively.

15 The Issuer does not intend to provide post-issuance transaction information regarding the Third Issue Notes or the Property, except as required pursuant to the Relevant Documents.

ANNEX 1
FINANCIAL STATEMENTS

A. THE TRAFFORD CENTRE FINANCE LIMITED

1. Audited financial statements for the financial year ended 31 December 2013
2. Audited financial statements for the financial year ended 31 December 2012

B. THE TRAFFORD CENTRE LIMITED

1. Audited financial statement for the financial year ended 31 December 2013
2. Audited financial statement for the financial year ended 31 December 2012

C. THE TRAFFORD CENTRE INVESTMENTS LIMITED

1. Audited financial statement for the financial year ended 31 December 2013
2. Audited financial statement for the financial year ended 31 December 2012

D. THE TRAFFORD CENTRE HOLDINGS LIMITED

1. Audited financial statement for the financial year ended 31 December 2013
2. Audited financial statement for the financial year ended 31 December 2012

THE TRAFFORD CENTRE FINANCE LIMITED

**REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013**

Company number 91678 (Cayman Islands)

THE TRAFFORD CENTRE FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the audited financial statements for the year ended 31 December 2013.

The Trafford Centre Finance Limited is incorporated and registered in the Cayman Islands. The company's registered office is 89 Nexus Way, Camana Bay, Grand Cayman, Cayman Islands KY1-9007.

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of financing to The Trafford Centre Limited. This is funded by the issue of loan notes.

BUSINESS REVIEW

The company's results and financial position for the year ended 31 December 2013 are set out in full in the income statement, balance sheet, statement of changes in equity, statement of cash flows and the notes to the financial statements.

The company receives interest on the provision of financing to The Trafford Centre Limited at rates equal to those paid on its external debt plus additional interest of 0.01% per annum. Any financing related fees incurred by the company are also charged on to The Trafford Centre Limited.

The company's profit before taxation was £70,000 (2012 £72,000) with net assets increasing to £792,000 (2012 £722,000).

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The directors expect that the present level of activity will continue for the foreseeable future.

The company's financial risk management objectives and policies are set out in note 10 as is the company's exposure to price, credit, liquidity and cash flow risk.

CAPITAL MANAGEMENT

The directors consider the capital of the company to be the ordinary share capital of £2. The company's ultimate parent company is Intu Properties plc. Management of this capital is performed at a group level.

DIRECTORS

The directors who held office during the year and until the date of this report are given below:

Michael Butterworth
David Fischel
Matthew Roberts
Raulin Amy

THE TRAFFORD CENTRE FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The directors are required to prepare financial statements for each financial year. The directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements provide a true and fair view of the company's results and financial position. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors, whose names and functions are listed on page 1, confirm that, to the best of their knowledge:

- a) the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- b) the Directors' Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

THE TRAFFORD CENTRE FINANCE LIMITED


DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

KEY RISKS AND UNCERTAINTIES

As the company's principal activity is to provide financing to The Trafford Centre Limited, the company's key risks and uncertainties are those faced by The Trafford Centre Limited to the extent that they impact that company's ability to meet its obligations to the company including those related to the terms of the company's borrowings which are secured on the assets of The Trafford Centre Limited. The key risks and uncertainties facing the company are set out in the table below:

Risk & Impact	Mitigation	Change	2013 commentary
Property market Macro environment weakness could undermine rental income levels and property values, reducing return on investment and covenant headroom	<ul style="list-style-type: none"> Regular monitoring of tenant strength and diversity Prime asset 	↔	<ul style="list-style-type: none"> There was a positive valuation movement in the year reflecting the prime nature of intu Trafford Centre, significantly out-performing IPD benchmark Net rental income has increased in the year Digital investment to improve relevance as shopping habits change
Financing The Trafford Centre Limited fails to generate sufficient returns to enable it to meet its obligations to The Trafford Centre Finance Limited	<ul style="list-style-type: none"> Cash flow forecasting. Long term nature of debt profile 	↔	<ul style="list-style-type: none"> No significant changes impacting risk in 2013
Operations Accident, system failure or external factors could threaten the safe and secure environment provided for shoppers and retailers, leading to financial and/or reputational loss	<ul style="list-style-type: none"> Strong business process and procedures supported by regular training and exercises Annual audits of operational standards carried out by internal and external consultants Culture of visitor safety Retailer liaison and briefings Appropriate levels of insurance 	↔	<ul style="list-style-type: none"> intu Trafford Centre will benefit from the Group's new structure which better uses intu's scale and efficiently delivers better control, consistency and application of best practice, e.g. new centre-wide structure for quality, safety, health and environment management. Preparation is under way to achieve ISA accreditation in 2014/15 Excellent H&S standards Review of insurance partners, with new appointment better aligned to business structure Robust crisis management and communication protocols

By order of the Board



David Fischel
Director
13 February 2014

THE TRAFFORD CENTRE FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF THE TRAFFORD CENTRE FINANCE LIMITED

Report on the Financial Statements

Our opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements for the year ended 31 December 2013, which are prepared by The Trafford Centre Finance Limited, comprise the:

- Income Statement;
- Balance Sheet;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- related notes.

The financial reporting framework that has been applied in their preparation comprises applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

THE TRAFFORD CENTRE FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF THE TRAFFORD CENTRE FINANCE LIMITED

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the directors to enable the company to comply with its obligations under various agreements known as 'The Trafford Centre Securitisation Agreements', in accordance with our engagement letter dated 30 January 2014 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.



**Ranjan Sriskandan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 February 2014**

THE TRAFFORD CENTRE FINANCE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £000	2012 £000
Administration expenses		<u>(3)</u>	<u>(3)</u>
Operating loss	2	(3)	(3)
Finance income	3	44,264	44,666
Finance costs	3	(44,191)	(44,591)
Change in fair value of financial instruments	3	<u>-</u>	<u>-</u>
Net finance income		<u>73</u>	<u>75</u>
Profit before tax		70	72
Taxation	4	<u>-</u>	<u>-</u>
Profit for the year		<u>70</u>	<u>72</u>

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

THE TRAFFORD CENTRE FINANCE LIMITED

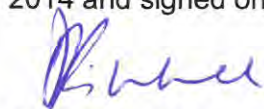
BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £000	2012 £000
Non-current assets			
Trade and other receivables	5	691,901	707,927
Derivative financial instruments		<u>39,678</u>	<u>67,514</u>
		731,579	775,441
Current assets			
Trade and other receivables	5	24,218	22,741
Derivative financial instruments		1,495	1,461
Cash and cash equivalents		<u>139</u>	<u>65</u>
		25,852	24,267
Total assets		<u>757,431</u>	<u>799,708</u>
Current liabilities			
Borrowings	7	(15,885)	(14,453)
Trade and other payables	6	(7,680)	(7,631)
Derivative financial instruments		<u>(1,495)</u>	<u>(1,461)</u>
		(25,060)	(23,545)
Non-current liabilities			
Borrowings	7	(691,901)	(707,927)
Derivative financial instruments		<u>(39,678)</u>	<u>(67,514)</u>
		(731,579)	(775,441)
Total liabilities		<u>(756,639)</u>	<u>(798,986)</u>
Net assets		<u>792</u>	<u>722</u>
Equity			
Share capital	8	-	-
Retained earnings		<u>792</u>	<u>722</u>
Total equity		<u>792</u>	<u>722</u>

The notes on pages 10 to 23 form part of these financial statements.

The financial statements on pages 6 to 23 have been approved by the Board of Directors on 13 February 2014 and signed on its behalf by:



David Fischel
Director



Matthew Roberts
Director

THE TRAFFORD CENTRE FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2012	-	650	650
Profit for the year	-	72	72
Total comprehensive income for the year	-	72	72
At 31 December 2012	-	722	722
At 1 January 2013	-	722	722
Profit for the year	-	70	70
Total comprehensive income for the year	-	70	70
At 31 December 2013	-	792	792

THE TRAFFORD CENTRE FINANCE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £000	2012 £000
Cash generated from operations	11	63	220
Interest received		43,693	44,095
Interest paid		<u>(43,682)</u>	<u>(44,259)</u>
Cash flows from operating activities		<u>74</u>	<u>56</u>
Amounts owed by group undertaking received		<u>15,165</u>	<u>14,438</u>
Cash flows from investing activities		<u>15,165</u>	<u>14,438</u>
Borrowings repaid		<u>(15,165)</u>	<u>(14,438)</u>
Cash flows from financing activities		<u>(15,165)</u>	<u>(14,438)</u>
Net increase in cash and cash equivalents		74	56
Cash and cash equivalents at 1 January		<u>65</u>	<u>9</u>
Cash and cash equivalents at 31 December		<u><u>139</u></u>	<u><u>65</u></u>

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Principal accounting policies

Purpose of financial statements

The financial statements have been prepared solely for the purpose of compliance requirements resulting from various agreements relating to the issue, management, and amortisation of bond issues of various notes issued in February 2000, June 2005 and January 2006 where collectively such agreements are known as "The Trafford Centre Securitisation Agreements". They have not been prepared for the purpose of compliance with the requirements of the Companies Act 2006 and are therefore not statutory financial statements.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS) and IFRIC interpretations.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain other financial assets and liabilities. A summary of the accounting policies is set out below.

In assessing whether the going concern basis of preparation is appropriate to adopt, the directors considered a number of factors including financial projections of the company and the level of financial support that may be available to the company by its ultimate parent, Intu Properties plc. In addition investment property held by The Trafford Centre Limited, a fellow subsidiary of Intu Properties plc, acts as security for the financial instruments which are held in The Trafford Centre Finance Limited. The ability of the company to meet the obligations of these financial instruments is dependent upon the performance of The Trafford Centre Limited and its ability to meet its obligations to the company. In concluding that the going concern basis of preparation is appropriate the directors have considered the cash flow forecasts of The Trafford Centre Limited in combination with the cash flow forecasts of the company. Based on this review the directors have concluded that there is reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and therefore prepare the financial statements on a going concern basis.

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

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies (continued)

The accounting policies used are consistent with those applied in the last annual financial statements, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year. During 2013, the following relevant standards, amendments and interpretations endorsed by the EU became effective for the first time for the company's 31 December 2013 year end:

- IFRS 7 Financial Instruments: Disclosures (amendment);
- IFRS 13 Fair Value Measurement;
- IAS 1 Presentation of Financial Statements (amendment);
- IAS 12 Income Taxes (amendment); and
- IAS 19 Employee Benefits (revised).

These have resulted in changes to presentation or disclosure only.

The following relevant standards have been issued and adopted by the EU but are not effective until 1 January 2014 and have not been adopted early:

- IFRS 10 Consolidated Financial;
- IFRS 11 Joint Arrangements;
- IFRS 12 Disclosure of Interests in Other Entities;
- IAS 27 Separate Financial Statements (revised);
- IAS 28 Investments in Associates and Joint Ventures (revised);
- IAS 32 Financial Instruments: Presentation (amendment);
- IAS 36 Impairment of Assets (amendment); and
- Amendments to IFRS 10, IFRS 11 and IFRS 12 (transition guidance).

Other pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentation or disclosure.

Additionally a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. The most significant of these is IFRS 9 Financial Instruments (and related amendments to other IFRSs) and the impact on the company is being reviewed.

Taxation

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies (continued)

Derivative financial instruments

The company uses derivative financial instruments to manage exposure to interest rate risk. They are initially recognised on the trade date at fair value and subsequently re-measured at fair value. In assessing fair value the company uses its judgement to select suitable valuation techniques and make assumptions which are mainly based on market conditions existing at the balance sheet date. The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date. These values are tested for reasonableness based upon broker or counterparty quotes.

Changes in fair value are recognised directly in the income statement.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost.

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

Loans and receivables

The amounts owed by the group undertaking is on terms in line with that under which the company borrows. The amounts owed by group undertaking qualifies as a financial asset under IAS39 and as such was initially recorded at fair value plus transaction costs. Under IAS39, the subsequent measurement of loans and receivables is at amortised cost using the effective interest method, with interest being recognised in the income statement.

Cash and cash equivalents

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

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Current/non-current classification

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

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

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies (continued)

Borrowings

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

In the event of early repayment, all unamortised transaction costs are recognised immediately in the income statement.

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. Operating loss

The operating loss of £3,000 (2012 £3,000) did not include any fees in respect of directors' remuneration (2012 £nil). The operating loss is arrived at after charging auditors remuneration of £3,500 (2012 £3,300).

There were no employees during the year (2012 nil).

3. Net finance costs

	2013 £000	2012 £000
Finance income		
On amounts due from group undertaking	<u>44,264</u>	<u>44,666</u>
Finance costs		
On borrowings	<u>44,191</u>	<u>44,591</u>
Change in fair value of financial instruments		
On external derivative financial instruments	(27,836)	1,363
On derivative financial instruments with The Trafford Centre Limited	<u>27,836</u>	<u>(1,363)</u>
	<u>-</u>	<u>-</u>

4. Taxation

The total tax expense of £nil (2012 £nil) is all in respect of current taxation. The tax expense for the year is lower (2012 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2013 £000	2012 £000
Profit before tax	<u>70</u>	<u>72</u>
Profit before tax multiplied by the standard rate of tax in the UK of 23.25% (2012 24.5%)	16	18
Transfer pricing adjustment	-	(1,121)
Prior year deferred tax items	-	(341)
Group relief (without payment)	(16)	577
Reduction in tax rate	-	88
Unrecognised deferred tax asset	<u>-</u>	<u>779</u>
Tax expense	<u>-</u>	<u>-</u>

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

5. Trade and other receivables

	2013 £000	2012 £000
Current		
Amounts owed by group undertaking	16,456	15,024
Less: finance costs	(571)	(571)
Net loan amount	<u>15,885</u>	<u>14,453</u>
Accrued income and other amounts due from group undertaking	8,257	8,195
Prepayments	76	93
	<u>24,218</u>	<u>22,741</u>
	2013 £000	2012 £000
Non-current		
Amounts owed by group undertaking	703,237	719,834
Less: finance costs	(11,336)	(11,907)
Net loan amount	<u>691,901</u>	<u>707,927</u>

The amounts owed by group undertaking relate to an intercompany loan with The Trafford Centre Limited where the company's borrowings with external parties are passed to The Trafford Centre Limited. The amounts owed are unsecured and the repayment profile matches the maturity profile of the company's borrowings as The Trafford Centre Limited is required to provide funds to the company in order for it to meet its external funds obligations. The recoverability of these balances have been reviewed and as a result no allowance for doubtful debts is considered to be required. There have been no impairments on receivables or amounts written off in the period.

Interest is due on the intercompany loans at rates equal to those paid on the external debt plus additional interest of 0.01% per annum. Interest is also due to cover any fees and costs incurred by the company.

6. Trade and other payables

	2013 £000	2012 £000
Amounts owed to group undertaking	3	3
Accruals	<u>7,677</u>	<u>7,628</u>
	<u>7,680</u>	<u>7,631</u>

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. Borrowings

	Interest rate	Final maturity	Carrying value 2013 £000	Fair value 2013 £000	Carrying value 2012 £000	Fair value 2012 £000
Current Secured notes:						
Class						
A1(N)	Floating	2015	4,130	4,154	8,480	8,353
B	7.03%	2029	3,625	3,870	4,177	5,199
A2	6.5%	2033	8,701	9,591	2,367	3,147
Debt falling due within one year			16,456	17,615	15,024	16,699
Less: finance costs			(571)	-	(571)	-
Net loan amount			15,885	17,615	14,453	16,699
Non-current Secured notes:						
Class						
A1(N)	Floating	2015	3,247	3,167	7,519	7,406
A2	6.5%	2033	328,932	401,714	337,633	448,781
A3	Floating	2035	188,500	155,041	188,500	147,124
B	7.03%	2029	83,504	99,795	87,128	108,466
B2	Floating	2035	20,000	17,170	20,000	14,400
D1(N)	Floating	2035	29,054	24,551	29,054	14,682
D2	8.28%	2022	50,000	59,180	50,000	60,260
Debt falling due after one year			703,237	760,618	719,834	801,119
Less: finance Costs			(11,336)	-	(11,907)	-
Net loan amount			691,901	760,618	707,927	801,119
Total borrowings			707,786	778,233	722,380	817,818

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. Borrowings (continued)

The maturity profile of gross debt is as follows:

	2013 £000	2012 £000
Wholly repayable within one year	16,456	15,024
Wholly repayable in more than one year but not more than two years	16,496	16,597
Wholly repayable in more than two years but not more than five years	52,377	45,694
Wholly repayable in more than five years	634,364	657,543
	<u>719,693</u>	<u>734,858</u>

The secured notes have the benefit of a floating charge over all of the assets and undertakings of the company and in addition are secured against The Trafford Centre Securitisation Agreements together with the benefit of a fixed legal charge over the land and buildings comprising The Trafford Centre granted by The Trafford Centre Limited, a fellow subsidiary undertaking of Intu Trafford Centre Group (UK) Limited and owner of Intu Trafford Centre.

Interest on the Class A1(N), Class A3, Class B2 and Class D1(N) secured notes whose rates are based on LIBOR plus an applicable margin has been hedged under interest rate swap contracts totalling £219,168,000 (2012 £218,277,000) with rates of 4.2%, 4.34% and 4.66% and an interest rate cap of £25,763,000 (2012 £35,276,000) with a capped rate of 6.66% plus an applicable margin on each bond. The fair value of these interest rate swaps at 2013 was a liability of £41,173,000 (2012 £68,975,000).

8. Share capital

	2013 £	2012 £
Issued, called up and fully paid		
2 ordinary shares of £1 each (2012 2)	<u>2</u>	<u>2</u>

9. Ultimate parent company

The ultimate parent company is Intu Properties plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London SW1H 0BT.

The immediate parent company is The Trafford Centre Holdings Limited, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. Financial risk management

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

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

Market risk

Interest rate risk

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

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

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

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

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

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. Financial risk management (continued)

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

	Fixed 2013 £000	Floating 2013 £000	Fixed 2012 £000	Floating 2012 £000
Borrowings	474,762	244,931	481,305	253,553
Interest rate swap impact	<u>244,931</u>	<u>(244,931)</u>	<u>253,553</u>	<u>(253,553)</u>
Net borrowings profile	<u>719,693</u>	<u>-</u>	<u>734,858</u>	<u>-</u>
Interest rate protection on floating debt		<u>100%</u>		<u>100%</u>

The weighted average rate of interest rates contracted through interest rates swaps is 4.6 per cent (2012 4.6 per cent).

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £19.0 million (2012 £22.4 million) in the fair value of derivatives. The approximate impact of a 50 basis point shift downwards in the level of interest rates would be a negative movement of £20.7 million (2012 £24.7 million) in the fair value of derivatives. In practice, a parallel shift in the yield curve is highly unlikely. However, the above sensitivity analysis is a reasonable illustration of the possible effect from the changes in slope and shifts in the yield curve that may actually occur. Where the fixed rate derivative financial instruments are matched by floating rate debt, the overall effect on company cash flow of such a movement would be very small.

Liquidity risk

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

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. Financial risk management (continued)

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

	2013				Total £000
	Within 1 year or on demand £000	1-2 years £000	3-5 years £000	Over 5 years £000	
Borrowings (including interest)	(50,666)	(51,382)	(165,206)	(1,005,115)	(1,272,369)
Amounts owed to group undertaking	(3)	-	-	-	(3)
Other financial liabilities	(7,677)	-	-	-	(7,677)
Derivative payments	(9,678)	(9,744)	(30,799)	(166,209)	(216,430)
Derivative receipts	1,303	2,454	18,756	145,122	167,635
	<u>(66,721)</u>	<u>(58,672)</u>	<u>(177,249)</u>	<u>(1,026,202)</u>	<u>(1,328,844)</u>
	2012				Total £000
	Within 1 year or on demand £000	1-2 years £000	3-5 years £000	Over 5 years £000	
Borrowings (including interest)	(49,905)	(50,691)	(149,084)	(1,053,146)	(1,302,826)
Amounts owed to group undertaking	(3)	-	-	-	(3)
Other financial liabilities	(6)	-	-	-	(6)
Derivative payments	(9,608)	(9,678)	(30,056)	(176,694)	(226,036)
Derivative receipts	1,168	1,325	7,236	139,864	149,593
	<u>(58,354)</u>	<u>(59,044)</u>	<u>(171,904)</u>	<u>(1,089,976)</u>	<u>(1,379,278)</u>

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. Financial risk management (continued)

Classification of financial assets and liabilities

The table below sets out the company's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2013 and 31 December 2012. The fair values of quoted borrowings are based on the asking price. The fair values of derivative financial instruments are determined from observable market prices or estimated using appropriate yield curves at 31 December each year by discounting the future contractual cash flows to the net present values.

2013	Carrying value £000	Fair value £000	Gain/(loss) to income statement £000
Derivative financial instrument assets	41,173	41,173	(27,836)
Total held for trading assets	41,173	41,173	(27,836)
Trade and other receivables	716,043	786,490	-
Cash and cash equivalents	139	139	-
Total cash and receivables	716,182	786,629	-
Derivative financial instrument liabilities	(41,173)	(41,173)	27,836
Total held for trading liabilities	(41,173)	(41,173)	27,836
Trade and other payables	(7,680)	(7,680)	-
Borrowings	(707,786)	(778,233)	-
Total loans and payables	(715,466)	(785,913)	-

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. Financial risk management (continued)

2012	Carrying value £000	Fair value £000	Gain/(loss) to income statement £000
Derivative financial instrument assets	68,975	68,975	1,363
Total held for trading assets	68,975	68,975	1,363
Trade and other receivables	730,575	826,013	-
Cash and cash equivalents	65	65	-
Total cash and receivables	730,640	826,078	-
Derivative financial instrument liabilities	(68,975)	(68,975)	(1,363)
Total held for trading liabilities	(68,975)	(68,975)	(1,363)
Trade and other payables	(7,631)	(7,631)	-
Borrowings	(722,380)	(817,818)	-
Total loans and payables	(730,011)	(825,449)	-

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

There were no gains or losses arising on financial assets or liabilities recognised direct to equity (2012 £nil).

Fair value hierarchy

Level 1: Valuation based on quoted market prices traded in active markets.

Level 2: Valuation techniques are used, maximising the use of observable market data, either directly from market prices or derived from market prices.

Level 3: Where one or more inputs to valuation are unobservable. Valuations at this level are more subjective and therefore more closely managed, including sensitivity analysis of inputs to valuation models. Such testing has not indicated that any material difference would arise due to a change in input variables.

Transfers into and transfers out of the fair value hierarchy levels are recognised on the date of the event or change in circumstances that caused the transfer. There were no transfers in or out for the above financial assets and liabilities during the year.

Valuation techniques for level 2 hierarchy financial assets and liabilities are presented in the accounting policies.

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

11. Cash generated from operations

	2013	2012
	£000	£000
Profit before tax	70	72
Remove:		
Finance income	(44,264)	(44,095)
Finance costs	44,191	44,020
Changes in working capital:		
Change in trade and other receivables	(45)	(459)
Change in trade and other payables	111	682
	<u>63</u>	<u>220</u>

12. Related party transactions

During the year the company entered into the following transactions with related companies:

	Nature of transaction	2013	2012
		£000	£000
The Trafford Centre Limited	Interest receivable	<u>44,264</u>	<u>44,095</u>

Significant balances outstanding between the company and related companies are shown below:

	Amounts owed from	
	2013	2012
	£000	£000
The Trafford Centre Limited	<u>716,043</u>	<u>730,575</u>

THE TRAFFORD CENTRE FINANCE LIMITED

**REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012**

Company number 91678 (Cayman Islands)

THE TRAFFORD CENTRE FINANCE LIMITED

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THE TRAFFORD CENTRE FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the audited financial statements for the year ended 31 December 2012.

The Trafford Centre Finance Limited is incorporated and registered in the Cayman Islands. The company's registered office is Uglan House, George Town, Cayman Islands.

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of financing to The Trafford Centre Limited. This is funded by the issue of loan notes.

BUSINESS REVIEW

The company's results and financial position for the year ended 31 December 2012 are set out in full in the income statement, balance sheet, statement of changes in equity, statement of cash flows and the notes to the financial statements.

The company receives interest on the provision of financing to The Trafford Centre Limited at rates equal to those paid on its external debt plus additional interest of 0.01% per annum. Any financing related fees incurred by the company are also charged on to The Trafford Centre Limited.

The company's profit before taxation was £72,000 (2011 £73,000) with net assets increasing to £722,000 (2011 £650,000).

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The directors expect that the present level of activity will continue for the foreseeable future.

The company's ultimate parent changed its name from Capital Shopping Centres Group PLC to Intu Properties plc on 15 February 2013.

CAPITAL MANAGEMENT

The directors consider the capital of the company to be the ordinary share capital of £2. Management of this capital is performed at a group level.

DIRECTORS

The directors who held office during the year and until the date of this report are given below:

Michael Butterworth
David Fischel
Matthew Roberts

THE TRAFFORD CENTRE FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Under the provisions of the Companies Act 2006, the company is not required to hold an annual general meeting. Elective Resolutions are in force to dispense with the appointment of auditors annually. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to be reappointed for each succeeding financial year.

THE TRAFFORD CENTRE FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

KEY RISKS AND UNCERTAINTIES

As the group's principal activity is to provide financing to The Trafford Centre Limited, the company's key risks and uncertainties are those faced by The Trafford Centre Limited to the extent that they impact that company's ability to meet its obligations to the company including those related to the terms of the company's borrowings which are secured on the assets of The Trafford Centre Limited. The key risks and uncertainties facing the company are set out in the table below:

Risk & Impact	Mitigation	Change	2012 commentary
Property market Macro environment weakness could undermine rental income levels and property values, reducing return on investment and covenant headroom	<ul style="list-style-type: none"> Regular monitoring of tenant strength and diversity 	–	<ul style="list-style-type: none"> There was a positive valuation movement in the year reflecting the prime nature of The Trafford Centre, significantly out-performing IPD benchmark Net rental income has increased in the year
Financing The Trafford Centre Limited fails to generate sufficient returns to enable it to meet its obligations to The Trafford Centre Finance Limited	<ul style="list-style-type: none"> Cash flow forecasting. Long term nature of debt profile. 	↔	<ul style="list-style-type: none"> No significant changes impacting risk in 2012.
Operations Accident, system failure or external factors could threaten the safe and secure environment provided for shoppers and retailers, leading to financial and/or reputational loss	<ul style="list-style-type: none"> Strong business process and procedures supported by regular training and exercises Annual audits of operational standards carried out by internal and external consultants Culture of visitor safety Retailer liaison and briefings Appropriate levels of insurance 	↓	<ul style="list-style-type: none"> Excellent H&S standards Further investment in Risk Management Comprehensive risk based insurance cover in place Robust crisis management and communication protocols

By order of the Board



David Fischel
Director
26 April 2013

THE TRAFFORD CENTRE FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF THE TRAFFORD CENTRE FINANCE LIMITED

We have audited the non-statutory financial statements of The Trafford Centre Finance Limited for the year ended 31 December 2012 which comprise the income statement, balance sheet, statement of changes in equity, statement of cash flows and the notes to the non-statutory financial statements. The financial reporting framework that has been applied in the preparation of these non-statutory financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 2 the directors are responsible for the preparation of the non-statutory 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 non-statutory financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the directors for management purposes in accordance with our engagement letter dated 26 April 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the non-statutory financial statements sufficient to give reasonable assurance that the non-statutory financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the non-statutory financial statements. In addition, we read all the financial and non-financial information in the report and non-statutory financial statements to identify material inconsistencies with the audited non-statutory financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the non-statutory financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit and cash flows for the year ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union



Alison Morris (Senior Statutory Auditor)
For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 April 2013

THE TRAFFORD CENTRE FINANCE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	Represented
	Notes	£000	2011
			£000
Administration expenses		<u>(3)</u>	<u>(7)</u>
Operating loss	2	(3)	(7)
Finance income	3	44,666	45,077
Finance costs	3	(44,591)	(44,997)
Change in fair value of financial instruments	3	<u>-</u>	<u>-</u>
Net finance costs		<u>75</u>	<u>80</u>
Profit before tax		72	73
Taxation	4	<u>-</u>	<u>-</u>
Profit for the year		<u><u>72</u></u>	<u><u>73</u></u>

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

THE TRAFFORD CENTRE FINANCE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012 £000	Represented 2011 £000
Non-current assets			
Trade and other receivables	5	707,927	722,380
Derivative financial instruments		67,514	67,436
		<u>775,441</u>	<u>789,816</u>
Current assets			
Trade and other receivables	5	22,741	22,282
Derivative financial instruments		1,461	-
Cash and cash equivalents		65	9
		<u>24,267</u>	<u>22,291</u>
Total assets		<u>799,708</u>	<u>812,107</u>
Current liabilities			
Borrowings	7	(14,453)	(13,867)
Trade and other payables	6	(7,631)	(7,774)
Derivative financial instruments		(1,461)	-
		<u>(23,545)</u>	<u>(21,641)</u>
Non-current liabilities			
Borrowings	7	(707,927)	(722,380)
Derivative financial instruments		(67,514)	(67,436)
		<u>(775,441)</u>	<u>(789,816)</u>
Total liabilities		<u>(798,986)</u>	<u>(811,457)</u>
Net assets		<u>722</u>	<u>650</u>
Equity			
Share capital	8	-	-
Retained earnings		722	650
Total equity		<u>722</u>	<u>650</u>

The notes on pages 8 to 20 form part of these financial statements.

The financial statements on pages 5 to 20 have been approved by the Board of Directors on 26 April 2013 and signed on its behalf by:



David Fischel
Director



Matthew Roberts
Director

THE TRAFFORD CENTRE FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2011*	-	577	577
Profit for the year*	-	73	73
Total comprehensive income for the year*	-	73	73
At 31 December 2011*	-	650	650
At 1 January 2012	-	650	650
Profit for the year	-	72	72
Total comprehensive income for the year	-	72	72
At 31 December 2012	-	722	722

*Represented

STATEMENT OF CASH FLOWS AT 31 DECEMBER 2012

	Notes	2012 £000	2011 £000
Cash generated from operations	11	220	(873)
Interest received		44,095	44,506
Interest paid		(44,259)	(44,426)
Cash flows from operating activities		56	(793)
Amounts owed by group undertakings received		14,438	13,516
Cash flows from investing activities		14,438	13,516
Borrowings repaid		(14,438)	(13,516)
Cash flows from financing activities		(14,438)	(13,516)
Net increase/(decrease) in cash and cash equivalents		56	(793)
Cash and cash equivalents at 1 January		9	802
Cash and cash equivalents at 31 December		65	9

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the current period and preceding year.

Purpose of financial statements

The financial statements have been prepared solely for the purpose of compliance requirements resulting from various agreements relating to the issue, management, and amortisation of bond issues of various notes issued in February 2000, June 2005 and January 2006 where collectively such agreements are known as "The Trafford Centre Securitisation Agreements". They have not been prepared for the purpose of compliance with the requirements of the Companies Act 2006 and are therefore not statutory accounts.

Accounting convention

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

The comparative information presented in these financial statements has been restated and represented under IFRS. This has resulted in presentational changes only and the profit for the year ended 31 December 2011 and total equity as at 1 January 2011 and 31 December 2011 are unaffected.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of property, available for sale investments and certain other financial assets and liabilities. A summary of the accounting policies is set out below.

Basis of preparation

In assessing whether the going concern basis of preparation is appropriate to adopt, the directors considered a number of factors including financial projections of the company and the level of financial support that may be available to the company by its ultimate parent, Intu Properties plc. In addition investment property held by The Trafford Centre Limited, a fellow subsidiary of Intu Properties plc, acts as security for the financial instruments which are held in The Trafford Centre Finance Limited. The ability of the company to meet the obligations of these financial instruments is dependent upon the performance of The Trafford Centre Limited and its ability to meet its obligations to the company. In concluding that the going concern basis of preparation is appropriate the directors have considered the cash flow forecasts of The Trafford Centre Limited in combination with the cash flow forecasts of the company. Based on this review the directors have concluded that there is reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and therefore prepare the financial statements on a going concern basis.

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

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

The accounting policies used are consistent with those applied in the last annual financial statements, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year. During 2012, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the company's 31 December 2012 year end:

- IFRS 7 Financial Instruments: Disclosures (amendment – disclosures on transfers of financial assets)

This amendment had no impact on the financial statements.

The following standards have been issued and adopted by the EU but are not effective for the year ended 31 December 2012 and have not been adopted early:

- IFRS 7 Financial Instruments; Disclosures (amendment – offsetting requirements and converged disclosure) (effective from 1 January 2013);
- IFRS 10 Consolidated Financial Statements (effective from 1 January 2014);
- IFRS 11 Joint Arrangements (effective from 1 January 2014);
- IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2014);
- IFRS 13 Fair Value Measurement (effective from 1 January 2013);
- IAS 1 Presentation of Financial Statements (amendment) (effective from 1 July 2013);
- IAS 12 Income Taxes (amendment) (effective from 1 January 2013);
- IAS 19 Employee Benefits (revised) (effective from 1 January 2013);
- IAS 27 Separate Financial Statements (revised) (effective from 1 January 2014);
- IAS 28 Investments in Associates and Joint Ventures (revised) (effective from 1 January 2014); and
- IAS 32 Financial Instruments: Presentation (amendment) (effective from 1 January 2014).

These pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentations or disclosure.

Additionally a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. The most significant of these are:

- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements (amendment);
- IFRS 12 Disclosure of Interests in Other Entities (amendment);
- IAS 27 Separate Financial Statements (amendment);
- IAS 32 Financial Instruments: Presentation (amendment);
- Amendments to (transition guidance) IFRS 10, IFRS 11 and IFRS 12; and
- Amendments arising from annual improvements 2009-2011 cycle.

These pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentations or disclosure.

Taxation

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

Derivative financial instruments

The company uses derivative financial instruments to manage exposure to interest rate risk. They are initially recognised on the trade date at fair value and subsequently re-measured at fair value. In assessing fair value the company uses its judgement to select suitable valuation techniques and make assumptions which are mainly based on market conditions existing at the balance sheet date.

Changes in fair value are recognised directly in the income statement

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost.

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

Loans and receivables

The amounts owed by group undertakings is on terms in line with that under which the company borrows. Amounts owed by group undertakings qualifies as a financial asset under IAS39 and as such was initially recorded at fair value plus transaction costs. Under IAS39, the subsequent measurement of loans and receivables is at amortised cost using the effective interest method, with interest being recognised in the income statement.

Cash and cash equivalents

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

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Current/non-current classification

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

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

Borrowings

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

In the event of early repayment, all unamortised transaction costs are recognised immediately in the income statement.

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2. Operating loss

The operating loss of £3,000 (2011 £7,000 loss) did not include any fees in respect of directors' remuneration (2011 £nil). The operating loss is arrived at after charging auditors remuneration of £3,300 (2011 £3,500).

There were no employees during the year (2011 nil).

3. Net finance costs

	2012 £000	2011 £000
Finance income		
On amounts due from group undertakings	<u>44,666</u>	<u>45,077</u>
Finance costs		
On borrowings	<u>44,591</u>	<u>44,997</u>
Change in fair value of financial instruments		
On external derivative financial instruments	1,363	55,575
On derivative financial instruments with The Trafford Centre Limited	<u>(1,363)</u>	<u>(55,575)</u>
	<u>-</u>	<u>-</u>

4. Taxation

The total tax expense of £nil (2011 £nil) is all in respect of current taxation. The tax expense for the year is lower (2011 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2012 £000	2011 £000
Profit before tax	<u>72</u>	<u>73</u>
Profit before tax multiplied by the standard rate of tax in the UK of 24.5% (2011 26.5%)	18	19
Transfer pricing adjustment	(1,121)	(1,093)
Prior year deferred tax items	(341)	-
Group relief (without payment)	577	642
Reduction in tax rate	88	24
Unrecognised deferred tax asset	<u>779</u>	<u>408</u>
Tax expense	<u>-</u>	<u>-</u>

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

5. Trade and other receivables

	2012 £000	2011 £000
Current		
Amount owed by group undertakings	15,024	14,438
Less: finance costs	(571)	(571)
Net loan amount	<u>14,453</u>	<u>13,867</u>
Accrued income and other amounts due from group undertakings	8,195	8,401
Prepayments	93	14
	<u>22,741</u>	<u>22,282</u>
	2012 £000	2011 £000
Non-current		
Amount owed by group undertakings	719,834	734,857
Less: finance costs	(11,907)	(12,477)
Net loan amount	<u>707,927</u>	<u>722,380</u>

The amounts owed by group undertakings relate to an intercompany loan with The Trafford Centre Limited where the company's borrowings with external parties are passed to The Trafford Centre Limited. The amounts owed are unsecured and have no fixed repayment date, however the anticipated repayment profile matches the maturity profile of the company's borrowings as The Trafford Centre Limited is required to provide funds to the company in order for it to meet its external funds obligations. The recoverability of these balances have been reviewed and as a result no allowance for doubtful debts is considered to be required. There have been no impairments on receivables or amounts written off in the period.

Interest is due on the intercompany loans at rates equal to those paid on the external debt plus additional interest of 0.01% per annum. Interest is also due to cover any fees and costs incurred by the company.

6. Trade and other payables

	2012 £000	2011 £000
Amounts owed to group undertakings	3	3
Accruals	<u>7,628</u>	<u>7,771</u>
	<u>7,631</u>	<u>7,774</u>

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

7. Borrowings

	Interest rate	Final maturity	Carrying value 2012 £000	Fair value 2012 £000	Carrying value 2011 £000	Fair value 2011 £000
Current Secured notes:						
Class						
A1(N)	Floating	2015	8,480	8,353	10,258	9,950
B	7.03%	2029	4,177	5,199	4,180	4,957
A2	6.5%	2033	2,367	3,147	-	-
Debt falling due within one year			15,024	16,699	14,438	14,907
Less: finance costs			(571)	-	(571)	-
Net loan amount			<u>14,453</u>	<u>16,699</u>	<u>13,867</u>	<u>14,907</u>
Non-current Secured notes:						
Class						
A1(N)	Floating	2015	7,519	7,406	15,999	15,519
A2	6.5%	2033	337,633	448,781	340,000	414,324
A3	Floating	2035	188,500	147,124	188,500	147,030
B	7.03%	2029	87,128	108,466	91,304	108,287
B2	Floating	2035	20,000	14,400	20,000	13,000
D1(N)	Floating	2035	29,054	14,682	29,054	11,374
D2	8.28%	2022	50,000	60,260	50,000	58,045
Debt falling due after one year			719,834	801,119	734,857	767,579
Less: finance Costs			(11,907)	-	(12,477)	-
Net loan amount			<u>707,927</u>	<u>801,119</u>	<u>722,380</u>	<u>767,579</u>
Total borrowings			<u>722,380</u>	<u>817,818</u>	<u>736,247</u>	<u>782,486</u>

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

7. Borrowings (continued)

The maturity profile of gross debt is as follows:

	2012 £000	2011 £000
Wholly repayable within one year	15,024	14,438
Wholly repayable in more than one year but not more than two years	16,597	15,165
Wholly repayable in more than two years but not more than five years	45,694	47,081
Wholly repayable in more than five years	657,543	672,611
	<u>734,858</u>	<u>749,295</u>

The secured notes have the benefit of a floating charge over all of the assets and undertakings of the company and in addition are secured against The Trafford Centre Securitisation Agreements together with the benefit of a fixed legal charge over the land and buildings comprising The Trafford Centre granted by The Trafford Centre Limited, a fellow subsidiary undertaking of Intu Trafford Centre Group (UK) Limited and owner of The Trafford Centre.

Interest on the Class A1(N), Class A3, Class B2 and Class D1(N) secured notes whose rates are based on LIBOR plus an applicable margin has been hedged under interest rate swap contracts totalling £218,277,000 (2011 £217,751,000) with rates of 4.2%, 4.34% and 4.66% and an interest rate cap of £35,276,000 (2011 £46,060,000) with a capped rate of 6.66% plus an applicable margin on each bond. The fair value of these interest rate swaps at 2012 was a liability of £68,975,000 (2011 £67,436,000).

8. Share capital

	2012 £	2011 £
Issued, called up and fully paid		
2 ordinary shares of £1 each (2011 2)	<u>2</u>	<u>2</u>

9. Ultimate parent company

The ultimate parent company is Intu Properties plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London SW1H 0BT.

The immediate parent company is The Trafford Centre Holdings Limited, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. Financial risk management

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

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

Market risk

Interest rate risk

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

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

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

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

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

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. Financial risk management (continued)

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

	Fixed 2012 £000	Floating 2012 £000	Fixed 2011 £000	Floating 2011 £000
Borrowings	481,305	253,553	485,524	263,811
Interest rate swap impact	<u>218,277</u>	<u>(218,277)</u>	<u>217,751</u>	<u>(217,751)</u>
Net borrowings Profile	<u>699,582</u>	<u>35,276</u>	<u>703,275</u>	<u>46,060</u>
Interest rate protection on floating debt		<u>95.2%</u>		<u>93.9%</u>

The weighted average rate of interest rates contracted through interest rates swaps is 4.4 per cent (2011 4.5 per cent).

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £22.4 million (2011 £22.6 million) in the fair value of derivatives. The approximate impact of a 50 basis point shift downwards in the level of interest rates would be a negative movement of £24.7 million (2011 £25.0 million) in the fair value of derivatives. In practice, a parallel shift in the yield curve is highly unlikely. However, the above sensitivity analysis is a reasonable illustration of the possible effect from the changes in slope and shifts in the yield curve that may actually occur. Where the fixed rate derivative financial instruments are matched by floating rate debt, the overall effect on company cash flow of such a movement would be very small.

Liquidity risk

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

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. Financial risk management (continued)

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

	2012				Total £000
	Within 1 year or on demand £000	1-2 years £000	3-5 years £000	Over 5 years £000	
Borrowings (including interest)	(49,905)	(50,691)	(149,084)	(1,053,146)	(1,302,826)
Amounts owed to group undertakings	(3)	-	-	-	(3)
Other financial liabilities	(6)	-	-	-	(6)
Derivative payments	(9,608)	(9,678)	(30,056)	(176,694)	(226,036)
Derivative receipts	1,168	1,325	7,236	139,864	149,593
	<u>(58,354)</u>	<u>(59,044)</u>	<u>(171,904)</u>	<u>(1,089,976)</u>	<u>(1,379,278)</u>
	2011				
	Within 1 year or on demand £000	1-2 years £000	3-5 years £000	Over 5 years £000	Total £000
Borrowings (including interest)	(51,084)	(51,132)	(154,786)	(1,101,210)	(1,358,212)
Amounts owed to group undertakings	(3)	-	-	-	(3)
Other financial liabilities	(6)	-	-	-	(6)
Derivative payments	(9,652)	(9,608)	(29,411)	(187,320)	(235,991)
Derivative receipts	2,364	2,321	9,687	141,530	155,902
	<u>(58,381)</u>	<u>(58,419)</u>	<u>(174,510)</u>	<u>(1,147,000)</u>	<u>(1,438,310)</u>

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. Financial risk management (continued)

Classification of financial assets and liabilities

The table below sets out the company's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2012 and 31 December 2011. The fair values of quoted borrowings are based on the asking price. The fair values of derivative financial instruments are determined from observable market prices or estimated using appropriate yield curves at 31 December each year by discounting the future contractual cash flows to the net present values.

	Carrying value £000	Fair value £000	Gain/(loss) to income statement £000
2012			
Derivative financial instrument assets	68,975	68,975	1,363
Total held for trading assets	68,975	68,975	1,363
Trade and other receivables	730,575	730,575	-
Cash and cash equivalents	65	65	-
Total cash and receivables	730,640	730,640	-
Derivative financial instrument liabilities	(68,975)	(68,975)	(1,363)
Total held for trading liabilities	(68,975)	(68,975)	(1,363)
Trade and other payables	(7,628)	(7,628)	-
Borrowings	(722,380)	(805,340)	-
Total loans and payables	(730,008)	(812,968)	-

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. Financial risk management (continued)

2011	Carrying value £000	Fair value £000	Gain/(loss) to income statement £000
Derivative financial instrument assets	67,436	67,436	55,575
Total held for trading assets	67,436	67,436	55,575
Trade and other receivables	758,529	758,529	-
Cash and cash equivalents	9	9	-
Total cash and receivables	758,538	758,538	-
Derivative financial instrument liabilities	(67,436)	(67,436)	(55,575)
Total held for trading liabilities	(67,436)	(67,436)	(55,575)
Trade and other payables	(6,489)	(6,489)	-
Borrowings	(736,247)	(769,438)	-
Total loans and payables	(742,736)	(775,927)	-

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

Fair value hierarchy

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

THE TRAFFORD CENTRE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11. Cash generated from operations

	2012 £000	2011 £000
Profit before tax	72	73
Remove:		
Finance income	(44,095)	(44,506)
Finance costs	44,020	44,426
Changes in working capital:		
Change in trade and other receivables	(459)	(1,461)
Change in trade and other payables	682	595
	<u>220</u>	<u>(873)</u>

12. Related party transactions

During the year the company entered into the following transactions with related companies:

	Nature of transaction	2012 £000	2011 £000
The Trafford Centre Limited	Interest receivable	<u>44,095</u>	<u>44,506</u>

Significant balances outstanding between the company and related companies are shown below:

	Amounts owed from	
	2012 £000	2011 £000
The Trafford Centre Limited	<u>730,575</u>	<u>744,648</u>

THE TRAFFORD CENTRE LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Company number 3080975

THE TRAFFORD CENTRE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors submit their Strategic Report of The Trafford Centre Limited ("the company") for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the company is the ownership, management and development of intu Trafford Centre, Manchester.

BUSINESS REVIEW

The company's results and financial position for the year ended 31 December 2013 are set out in full in the income statement, balance sheet, statement of changes in equity, statement of cash flows and the notes to the financial statements.

The company's performance during the year reflects a good rental performance, which is reflected in the net rental income of £86.5 million (2012 £82.6 million). Property valuation surplus amounted to £101.0 million (2012 surplus of £91.5 million). The company recorded a profit before tax of £170.2 million (2012 £127.1 million), including a non-cash credit of £27.8 million from the movement in the provision for fair value of derivative financial instruments (2012 non-cash charge of £1.4 million). Net assets at 31 December 2013 were £1,146.3 million, an increase of £170.2 million from the 31 December 2012 of £976.1 million.

2013 continued to be a challenging year for most retailers and shopping centres; intu Trafford Centre has however continued to progress as evidenced by improving tenant mix, bigger and better flagship stores and increased net rental income.

The company's commitment to maintain high standards and to support existing and new tenants has resulted in its continued ability to attract new high quality tenant names to the centre. These include Victoria's Secret, Pink, Ti Sento and Hamleys. In total 19 new stores and 17 refits took place, representing £10 million of tenant investment into the centre. The strategy not to compromise tenant mix has been a key part of the success of the centre, along with attracting new customers and maintaining a very strong retail and catering line up which is regularly refreshed. During the year existing retailers having relocated and/or taken additional space includes Clinton Cards, Claire's, FootAsylum, Boost, Tessuti and Next.

In 2013 there were a number of lease renewals, 15 years from the opening of the centre. The strong trading environment and positive asset management strategy (which promotes a quality tenant mix and achieves ERV rents whilst being sustainable for retailers) meant that the vast majority of leases were renewed. This process was also used to encourage retailers to refit units once leases were renewed.

Against a background of pressure on consumer spending, visitor numbers to intu Trafford Centre held up well, showing a small increase of 0.1 percent against the previous year. Average spend increased for most retailers however with total turnover up by around 1.7 per cent like-for-like, and spend in catering outlets increasing by around 3.6 per cent. The position of intu Trafford Centre as a leisure destination was strengthened by the opening of Sea Life, at the adjacent Barton Square, with clear evidence of visitor crossover into retailers and catering outlets.

The rebranding of the centre to intu Trafford Centre has been completed, as has the hugely successful introduction of high quality free wifi via our own fibre, which has been received extremely well by customers.

THE TRAFFORD CENTRE LIMITED

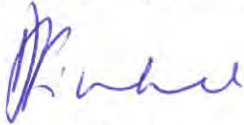
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

BUSINESS REVIEW

intu Trafford Centre management has continued to challenge costs in all areas to drive best value for tenants whilst ensuring the quality of service provision remains paramount. Waste recycled at intu Trafford Centre now accounts for more than 50 per cent of the total waste produced, with nil being sent to landfill for the third consecutive year.

As the company's ultimate parent company is Intu Properties plc, the company faces largely those risks and uncertainties faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

By order of the Board



David Fischel
Director
13 February 2014



Matthew Roberts
Director
13 February 2014

THE TRAFFORD CENTRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013.

The company is incorporated and registered in England and Wales (company number 3080975). The company's registered office is 40 Broadway, London SW1H 0BU.

RESULTS AND DIVIDENDS

The company's results and financial position are set out in the income statement and balance sheet on pages 7 and 8.

No interim or final ordinary dividend was paid in the year (2012 £nil).

CAPITAL MANAGEMENT

The directors consider the capital of the company to be ordinary share capital of £22.4 million and preference shares of £154.2 million. Management of this capital is performed at a group level.

INVESTMENT AND DEVELOPMENT PROPERTY

The movements in investment and development property are set out in note 7.

DIRECTORS

The directors who held office during the year and until the date of this report are given below:

Martin Ellis
David Fischel
Hugh Ford
Gordon McKinnon
Trevor Pereira
Matthew Roberts
Peter Weir
Julian Wilkinson

DIRECTORS' INDEMNITY PROVISION

A qualifying indemnity provision (as defined in S234 of the Companies Act 2006) was in force for the benefit of the directors of the company during the financial year and at the date of the approval of the financial statements. The company's ultimate parent, Intu Properties plc, maintains directors' and officers' insurance which is reviewed annually.

THE TRAFFORD CENTRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Under the provisions of the Companies Act 2006, the company is not required to hold an annual general meeting. Elective Resolutions are in force to dispense with the appointment of auditors annually. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to be reappointed for each succeeding financial year.

By order of the Board



David Fischel
Director

13 February 2014

THE TRAFFORD CENTRE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAFFORD CENTRE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say below.

WHAT WE HAVE AUDITED

The financial statements for the year ended 31 December 2013, which are prepared by The Trafford Centre Limited, comprise the:

- Income Statement;
- Balance Sheet;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- related notes.

The financial reporting framework that has been applied in their preparation comprises applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

THE TRAFFORD CENTRE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAFFORD CENTRE LIMITED

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Ranjan Sriskandan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 February 2014

THE TRAFFORD CENTRE LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £m	2012 £m
Revenue	2	<u>100.5</u>	<u>96.9</u>
Net rental income	2	86.5	82.6
Revaluation of investment and development property	7	101.0	91.5
Administration expenses		<u>(0.7)</u>	<u>(0.8)</u>
Operating profit	3	<u>186.8</u>	<u>173.3</u>
Finance costs	4	(44.4)	(44.8)
Change in fair value of derivative financial instruments		<u>27.8</u>	<u>(1.4)</u>
Net finance costs		<u>(16.6)</u>	<u>(46.2)</u>
Profit before tax		170.2	127.1
Taxation	5	<u>-</u>	<u>-</u>
Profit for the year		<u>170.2</u>	<u>127.1</u>

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

THE TRAFFORD CENTRE LIMITED

BALANCE SHEET AT 31 DECEMBER 2013

	Note	2013 £m	2012 £m
Non-current assets			
Investment and development property	7	1,818.7	1,715.2
Plant and equipment	8	0.1	0.9
Trade and other receivables	9	14.2	14.7
		<u>1,833.0</u>	<u>1,730.8</u>
Current assets			
Trade and other receivables	9	235.8	206.0
Cash and cash equivalents		36.9	39.2
		<u>272.7</u>	<u>245.2</u>
Total assets		<u>2,105.7</u>	<u>1,976.0</u>
Current liabilities			
Trade and other payables	10	(59.1)	(55.1)
Derivative financial instruments		(1.5)	(1.5)
		<u>(60.6)</u>	<u>(56.6)</u>
Non-current liabilities			
Trade and other payables	10	(859.1)	(875.8)
Derivative financial instruments		(39.7)	(67.5)
		<u>(898.8)</u>	<u>(943.3)</u>
Total liabilities		<u>(959.4)</u>	<u>(999.9)</u>
Net assets		<u>1,146.3</u>	<u>976.1</u>
Equity			
Share capital	11	22.4	22.4
Retained earnings		1,123.9	953.7
Total equity		<u>1,146.3</u>	<u>976.1</u>

The notes on pages 11 to 31 form part of these financial statements.

The financial statements on pages 7 to 31 have been approved by the Board of Directors on 13 February 2014 and signed on its behalf by:



David Fischel
Director



Matthew Roberts
Director

THE TRAFFORD CENTRE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital £m	Retained earnings £m	Total equity £m
At 1 January 2012	22.4	826.6	849.0
Profit for the year	-	127.1	127.1
Total comprehensive income for the year	-	127.1	127.1
At 31 December 2012	22.4	953.7	976.1
At 1 January 2013	22.4	953.7	976.1
Profit for the year	-	170.2	170.2
Total comprehensive income for the year	-	170.2	170.2
At 31 December 2013	22.4	1,123.9	1,146.3

THE TRAFFORD CENTRE LIMITED

STATEMENT OF CASH FLOWS AT 31 DECEMBER 2013

	Notes	2013 £m	2012 £m
Cash generated from operations	13	58.1	83.4
Interest paid		(43.7)	(44.2)
Taxation – REIT entry charge		-	(14.5)
Taxation		-	(0.5)
		<hr/>	<hr/>
Cash flows from operating activities		14.4	24.2
		<hr/>	<hr/>
Purchase and development of property, plant and equipment		(1.7)	(1.8)
		<hr/>	<hr/>
Cash flows from investing activities		(1.7)	(1.8)
		<hr/>	<hr/>
Amounts owed to group undertakings repaid		(15.0)	(14.4)
		<hr/>	<hr/>
Cash flows from financing activities		(15.0)	(14.4)
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(2.3)	8.0
Cash and cash equivalents at 1 January		39.2	31.2
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		36.9	39.2
		<hr/>	<hr/>

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of property and certain other financial assets and liabilities. A summary of the accounting policies is set out below.

In assessing whether the going concern basis of preparation is appropriate to adopt, the directors considered a number of factors including financial projections of the company and the level of financial support that may be made available to the company by its ultimate parent, Intu Properties plc. Based on this review the directors have concluded that there is a reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

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

The accounting policies used are consistent with those applied in the last annual financial statements, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year. During 2013, the following relevant standards, amendments and interpretations endorsed by the EU became effective for the first time for the company's 31 December 2013 year end:

- IFRS 7 Financial Instruments: Disclosures (amendment);
- IFRS 13 Fair Value Measurement;
- IAS 1 Presentation of Financial Statements (amendment);
- IAS 12 Income Taxes (amendment); and
- IAS 19 Employee Benefits (revised).

These have resulted in changes to presentation or disclosure only.

The following relevant standards have been issued and adopted by the EU but are not effective until 1 January 2014 and have not been adopted early:

- IFRS 10 Consolidated Financial;
- IFRS 11 Joint Arrangements;
- IFRS 12 Disclosure of Interests in Other Entities;
- IAS 27 Separate Financial Statements (revised);
- IAS 28 Investments in Associates and Joint Ventures (revised);
- IAS 32 Financial Instruments: Presentation (amendment);
- IAS 36 Impairment of Assets (amendment); and
- Amendments to IFRS 10, IFRS 11 and IFRS 12 (transition guidance).

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies (continued)

Other pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentation or disclosure.

Additionally a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. The most significant of these is IFRS 9 Financial Instruments (and related amendments to other IFRSs) and the impact on the company is being reviewed.

Investment and development property

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

The company has elected to use the fair value model. Property is initially recognised at cost and subsequently revalued at the balance sheet date to fair value as determined by professionally qualified external valuers on the basis of market value. Valuations conform with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards 2012.

The main estimates and judgements underlying the valuations are described in note 7.

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

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

Gains or losses arising on the sale of investment and development property are recognised when the significant risks and rewards of ownership have been transferred to the buyer. This will normally take place on exchange of contracts. The gain or loss recognised is the proceeds received less the carrying value of the property and costs directly associated with the sale.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies (continued)

Revenue recognition

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company.

Rental income receivable is recognised on a straight line basis over the term of the lease. Directly attributable lease incentives are recognised within rental income on the same basis.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, for example increases arising on rent reviews or rents linked to tenant revenues, are recorded as income in the periods in which they are earned. Rent reviews are recognised as income from the date of the rent review, based on management's estimates. Estimates are derived from knowledge of market rents for comparable properties determined on an individual property basis and updated for progress of negotiations.

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

Taxation

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Leases

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are normally classified as operating leases.

Investment properties are leased to tenants under operating leases, with rental income being recognised on a straight-line basis over the lease term. For more detail see the revenue recognition accounting policy.

Impairment of assets

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

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies (continued)

Derivative financial instruments

The company uses derivative financial instruments to manage exposure to interest rate risk. They are initially recognised on the trade date at fair value and subsequently re-measured at fair value. In assessing fair value the company uses its judgement to select suitable valuation techniques and make assumptions which are mainly based on market conditions existing at the balance sheet date. The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date. These values are tested for reasonableness based upon broker or counterparty quotes.

Changes in fair value are recognised directly in the income statement.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost.

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

Cash and cash equivalents

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

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Current/non-current classification

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

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

Plant and equipment

Plant and equipment is stated at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation is charged to the income statement on a straight-line basis over an asset's estimated useful life up to a maximum of five years.

Pensions

The costs of defined contribution schemes and contributions to personal plans are charged to the income statement in the year in which they are incurred.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. Revenue and net rental income

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

	2013 £m	2012 £m
Rent receivable	88.2	84.9
Service charge income	12.3	12.0
Revenue	<u>100.5</u>	<u>96.9</u>
Service charge costs	(13.0)	(12.6)
Other non-recoverable costs	<u>(1.0)</u>	<u>(1.7)</u>
Net rental income	<u>86.5</u>	<u>82.6</u>

3. Operating profit

Operating profit is arrived at after charging:

	2013 £m	2012 £m
Staff costs (note 6)	<u>2.6</u>	<u>4.8</u>

The operating profit is arrived at after charging auditors' remuneration of £3,300 (2012 £3,300) and depreciation on plant and equipment of £12,879 (2012 £19,324).

No fees are included in respect of directors' remuneration (2012 £nil). The directors' remuneration for services to the company has been borne by other entities that are part of the Intu Properties plc group.

During the year all of the employees of the company were transferred to another group company (see note 6).

4. Finance costs

	2013 £m	2012 £m
Finance costs		
On amounts due to group undertakings	44.3	44.7
Preference share dividends	<u>0.1</u>	<u>0.1</u>
Finance costs	<u>44.4</u>	<u>44.8</u>

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

5. Taxation

The total tax expense of £nil (2012 £nil) is all in respect of current taxation. The tax expense for the year is lower (2012 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2013 £m	2012 £m
Profit before tax	170.2	127.1
Profit before tax multiplied by the standard rate of tax in the UK of 23.25% (2012 24.5%)	39.6	31.1
Change in accounting policy	-	2.2
Transfer pricing adjustment	-	1.2
Net disallowable expenditure	0.1	0.1
REIT exemption – corporate tax	(9.6)	(12.2)
REIT exemption – deferred tax	(30.2)	(22.4)
Unutilised losses carried forward	0.1	-
Tax expense	-	-

6. Employees' information

	2013 £m	2012 £m
Wages and salaries	2.4	4.5
Social security costs	0.2	0.3
	2.6	4.8

At 31 December 2013 the number of persons employed by the company was nil (2012 303). During the year all of the employees of the company were transferred to another group company, Intu Retail Services Limited, which provides facilities management services to The Trafford Centre Limited. The average monthly number of persons employed by the company during the year, inclusive of executive directors, was as follows:

	2013 Number	2012 Number
Administration	6	12
Operational and maintenance	158	300
	164	312

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. Investment and development property

	2013 £m	2012 £m
Freehold		
At 1 January	1,715.2	1,622.7
Additions	1.4	1.0
Transfer from plant and equipment	1.1	-
Surplus on revaluation	101.0	91.5
	<u>1,818.7</u>	<u>1,715.2</u>
At 31 December	<u>1,818.7</u>	<u>1,715.2</u>
Net amounts included within prepayments and accrued income, and accruals and deferred income in respect of lease incentives	<u>2.3</u>	<u>(0.2)</u>
Market value at 31 December	<u>1,821.0</u>	<u>1,715.0</u>

Investment property is measured at fair value and is categorised as Level 3 in the fair value hierarchy as one or more inputs to the valuation are not based on observable market data.

Transfers into and transfers out of the fair value hierarchy levels are recognised on the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 3 fair value measurement for investment property during the year.

The market value of the company's investment and development property as at 31 December 2013 was determined by independent external valuers, Cushman & Wakefield LLP, at that date. The valuations conform with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards 2012, and were arrived at by reference to market transactions for similar properties. Fair values for investment properties are calculated using the present value income approach. The main assumptions underlying the valuations are in relation to rent profile and yields.

The key driver of the property valuations is the terms of the leases in place at the valuation date. These determine the majority of the cash flow profile of the property for a number of years and form the base of the valuation. The valuation assumes adjustments from these rental values to current market rent at rent reviews (where a typical lease allows only for upward adjustment) and as leases expire and are replaced by new leases. The current market level of rent is assessed based on evidence provided by the most recent relevant leasing transactions and negotiations and is assessed as at date of valuation. No future increases in the market rent are assumed in the rent profile.

The nominal equivalent yield is applied as a discount rate to the rental cash flows which, after taking into account other input assumptions such as vacancies and costs, generates the market value of the property. The nominal equivalent yield applied is assessed by reference to market transactions for similar properties and takes into account, amongst other things, any risks associated with the rent uplift assumptions. The net initial yield is calculated as the current net income over the gross market value of the asset. Annual property income as disclosed in the table below reflects current annualised gross income but does not include a deduction for costs.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. Investment and development property (continued)

A significant change in the nominal equivalent yield in isolation, would result in a significant change in the fair value of investment and development property. A decrease in nominal equivalent yield of 50 basis points would result in an increase in the market value of £197.0 million, while a 50 basis point increase would result in a decrease in the market value of £166.0 million.

The table below provides details of the key valuation metrics:

	Market value £m	Net initial yield (EPRA)	Nominal equivalent yield	Annual property income £m
intu Trafford Centre	1,821.0	4.3%	5.1%	82.2

It is the company's policy to engage independent external valuers to determine the market value of its investment and development property at both 30 June and 31 December. The company provides data to the valuers, including current lease and tenants data along with asset specific business plans. The valuers use this and other inputs including market transactions for similar properties to produce valuations. These valuations and the assumptions they have made are then discussed and reviewed with the company's directors.

Investment property principally represents intu Trafford Centre, Manchester and adjacent land.

8. Plant and equipment

	2013			2012		
	Cost £m	Accumulated depreciation £m	Net £m	Cost £m	Accumulated depreciation £m	Net £m
At 1 January	4.4	(3.5)	0.9	3.6	(3.5)	0.1
Additions	0.3	-	0.3	0.8	-	0.8
Transfer to investment and development property	(1.1)	-	(1.1)	-	-	-
At 31 December	<u>3.6</u>	<u>(3.5)</u>	<u>0.1</u>	<u>4.4</u>	<u>(3.5)</u>	<u>0.9</u>

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

9. Trade and other receivables

	2013 £m	2012 £m
Current		
Trade receivables	2.9	2.3
Amounts owed by group undertakings	224.8	201.3
Prepayments and accrued income	8.1	2.4
	<u>235.8</u>	<u>206.0</u>
Non-current		
Prepayments and accrued income	14.2	14.7

Included within prepayments and accrued income are tenant incentives of £15.9 million (2012 £15.6 million).

10. Trade and other payables

	2013 £m	2012 £m
Current		
Amounts owed to group undertakings	16.5	15.0
Less: finance costs	(0.6)	(0.6)
Net loan amount	15.9	14.4
Trade payables	3.7	1.1
Corporation tax	0.1	0.1
Other taxation and social security	2.9	4.5
Other payables	1.7	1.4
Accruals and deferred income	25.7	25.1
Accruals and other amounts due to group undertakings	9.1	8.5
	<u>59.1</u>	<u>55.1</u>
Non-current		
Loans owed to group undertakings	703.2	719.9
Less: finance costs	(11.3)	(12.0)
Net loan amount	691.9	707.9
Accruals and deferred income	13.0	13.7
Preference shares (note 11)	154.2	154.2
	<u>859.1</u>	<u>875.8</u>

Included within accruals and deferred income are tenant incentives of £13.6 million (2012 £15.8 million)

Finance costs are being amortised over 25 years, being the average lifetime of the term facilities.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. Trade and other payables (continued)

The loans owed to group undertakings relate to term facilities held by The Trafford Centre Finance Limited with external parties which are passed to the company through an intercompany loan. These term facilities are secured against various contracts entered into in connection with the securitisation of the future rental income of the company together with a fixed legal charge on intu Trafford Centre.

The maturity profile of the term facilities held by The Trafford Centre Finance Limited is:

	2013	2012
	£m	£m
Wholly repayable within one year	16.5	15.0
Wholly repayable in more than one year but not more than two years	16.5	16.6
Wholly repayable in more than two years but not more than five years	52.4	45.7
Wholly repayable in more than five years	634.3	657.6
	<u>719.7</u>	<u>734.9</u>

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. Trade and other payables (continued)

The term facilities are analysed as follows:

	Interest rate	Final maturity	Carrying value 2013 £m	Fair value 2013 £m	Carrying value 2012 £m	Fair value 2012 £m
Current Secured notes:						
Class						
A1(N)	Floating	2015	4.1	4.1	8.5	8.4
B	7.03%	2029	3.6	3.9	4.2	5.2
A2	6.5%	2033	8.8	9.6	2.3	3.1
Debt falling due within one year			16.5	17.6	15.0	16.7
Less: finance costs			(0.6)	-	(0.6)	-
Net loan amount			15.9	17.6	14.4	16.7
Non-current Secured notes:						
Class						
A1(N)	Floating	2015	3.2	3.2	7.5	7.4
A2	6.5%	2033	328.9	401.7	337.7	448.8
A3	Floating	2035	188.5	155.0	188.5	147.1
B	7.03%	2029	83.5	99.8	87.1	108.5
B2	Floating	2035	20.0	17.2	20.0	14.4
D1(N)	Floating	2035	29.1	24.5	29.1	14.7
D2	8.28%	2022	50.0	59.2	50.0	60.2
Debt falling due after one year			703.2	760.6	719.9	801.1
Less: finance costs			(11.3)	-	(12.0)	-
Net loan amount			691.9	760.6	707.9	801.1
Total borrowings			707.8	778.2	722.3	817.8

Interest on the Class A1(N), Class A3, Class B2 and Class D1(N) secured notes whose rates are based on LIBOR plus an applicable margin has been hedged under interest rate swap contracts totalling £219.2 million (2012 £218.3 million) with rates of 4.2%, 4.34% and 4.66% and an interest rate cap of £25.8 million (2012 £35.3 million) with a capped rate of 6.66% plus an applicable margin on each bond. The fair value of these interest rate swaps at 2013 was a liability of £41.2 million (2012 £69.0 million).

Additional interest of 0.01% per annum is due on the principal amount outstanding on the loan owed to group undertaking. Interest is also due to cover any fees and costs incurred by the issuer company, The Trafford Centre Finance Limited.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

11. Share capital

	2013 £m	2012 £m
Equity share capital		
Issued, allotted and fully paid		
22,353,167 (2012 22,353,167) Ordinary shares of £1 each	<u>22.4</u>	<u>22.4</u>
Other share capital		
Issued, allotted and fully paid		
200,000,000 (2012 200,000,000) A preference shares of 17p each	34.0	34.0
120,200,000 (2012 120,200,000) B preference shares of £1 each	<u>120.2</u>	<u>120.2</u>
	<u>154.2</u>	<u>154.2</u>

(a) Rights of A preference shares

An A Preference Share shall confer on the holder the right to receive, out of the profits of the company available for distribution and in priority to the holders of Ordinary Shares but paid pari passu with any payments available for distribution to the holders of the B Preference Shares, a fixed cumulative dividend accruing at the rate of 0.05 per cent per annum (excluding the amount of any associated tax credit) on the nominal value of each A Preference Share, such dividend to accrue from day to day and to be paid in two equal instalments on 30 November and 31 May in each year in respect of the two half-years ending on those dates except that the first payment was made on 31 May 2000 in respect of the period from the date of allotment of the share to that date and so that each such dividend shall (subject to the company having sufficient distributable profits to cover the same) ipso facto and without any resolution of the directors or the company in General Meeting and notwithstanding any other provision in the Articles of Association of the company become a debt due from and immediately payable by the company to the holder of such A Preference share registered in the books of the company on the payment date concerned.

On a winding up or other return of capital, to receive, pari passu with the holders of Ordinary Shares and B Preference shares, repayment in full of the capital paid up on each A Preference Share and repayment of a sum equal to any arrears or accruals of the fixed cumulative preferential dividend unpaid on that A Preference Share, whether or not earned or declared, calculated down to and including the date of the return of capital.

An A Preference Share shall not confer on the holder any further or other right to participate in the profits or assets of the company.

An A Preference Share shall not confer on the holder any right to receive notice of or to attend or to vote either in person or by proxy at any general meeting of the company unless at the date of the notice convening the meeting the fixed preferential dividend is in arrears and unpaid for six months after a half-yearly date fixed for its payment or the business of the meeting includes the consideration of a resolution for the reducing of the share capital of the company or varying any of the special rights attached to the A Preference Shares in which case an A Preference Share shall confer on the holder the right to attend and vote at the meeting either in person or by proxy and on a poll the holder of an A Preference Share shall have one vote for every A Preference Share held by him.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

11. Share capital (continued)

(b) Rights of B preference shares

A B Preference Share shall confer on the holder the right to receive, out of the profits of the company available for distribution and in priority to the holders of Ordinary Shares but paid *pari passu* with any payments available for distribution to the holders of the A Preference Shares, a fixed cumulative dividend accruing at the rate of 0.1 per cent. per annum (excluding the amount of any associated tax credit) on the nominal value of each B Preference Share, such dividend to accrue from day to day and to be paid in two equal instalments on 30 November and 31 May in each year in respect of the two half-years ending on those dates except that the first payment was made on 31 May 2000 in respect of the period from the date of allotment of the share to that date and so that each dividend shall (subject to the company having sufficient distributable profits to cover the same) *ipso facto* and without any resolution of the directors or the company in General Meeting and notwithstanding any other provision in the Articles of Association of the company become a debt due from and immediately payable by the company to the holder of such B Preference Share registered in the books of the company on the payment date concerned.

On a winding up or other return of capital, to receive, *pari passu* with the holders of Ordinary Shares and A Preference Shares, repayment in full of the capital paid up on each B Preference Share and repayment of a sum equal to any arrears or accruals of the fixed cumulative preferential dividend unpaid on that B Preference Share, whether or not earned or declared, calculated down to and including the date of the return of capital.

A B Preference Share shall not confer on the holder any further or other right to participate in the profits or assets of the company.

A B Preference Share shall not confer on the holder any right to receive notice of or to attend or to vote either in person or by proxy at any general meeting of the company unless at the date of the notice convening the meeting the fixed preferential dividend is in arrears and unpaid for six months after a half-yearly date fixed for its payment or the business of the meeting includes the consideration of a resolution reducing the share capital of the company or varying any of the special rights attached to the B Preference Shares in which case a B Preference Share shall confer on the holder the right to attend and vote at the meeting either in person or by proxy and on a poll the holder of a B Preference Share shall have one vote for every B Preference Share held by him.

(c) Rights of both A and B preference shares

If, for any reason, there are insufficient profits available for distribution to the holders of the A Preference Shares and the B Preference Shares, then the company shall distribute such profits as are available between the holders of the A Preference Shares on the one hand and the other hand the holders of B Preference Shares in the ratio, that had there been sufficient profits, the amount of the dividend payable on the A Preference Shares bears to the amount of the dividend payable on the B Preference Shares in accordance with the entitlement to such dividends as are set out in Articles provided always that in making such a distribution, the rights of such holders of the A Preference Shares and the B Preference Shares to payment in full of the remainder of the amount then due to them by way of dividend in respect of such A Preference Shares and the B Preference Shares shall not otherwise be prejudiced or affected in any way.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

12. Capital commitments

At 31 December 2013, the Board had approved £1.2 million (2012 £2.1 million) of future expenditure for the purchase, construction, development and enhancement of investment property. Of this, none (2012 £1.9 million) is contractually committed. Of the £1.2 million, the majority is expected to be spent in 2014.

13. Cash generated from operations

	2013 £m	2011 £m
Profit before tax	170.2	127.1
Remove:		
Lease incentives and letting costs	(2.8)	(3.6)
Revaluation of investment property	(101.0)	(91.5)
Finance costs	44.3	44.8
Change in the fair value of derivative financial instruments	(27.8)	1.4
Change in working capital:		
Change in trade and other receivables	(27.1)	5.6
Change in trade and other payables	2.3	(0.4)
Cash generated from operations	<u>58.1</u>	<u>83.4</u>

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

14. Related party transactions

During the year the company entered into the following transactions with other group companies:

	Nature of transaction	2013 £m	2012 £m
The Trafford Centre Finance Limited	Interest payable	44.3	44.7
The Trafford Centre Holdings Limited	Preference dividend	0.1	0.1
Intu Retail Services Limited	Cost of facilities management	5.0	-
		<u>50.4</u>	<u>44.8</u>

Significant balances outstanding between the company and other group companies are shown below:

	Amounts owed to	
	2013 £m	2012 £m
The Trafford Centre Holdings Limited	0.2	-
Intu Shopping Centres plc	0.6	0.3
The Trafford Centre Finance Limited	716.0	730.5
	<u>716.8</u>	<u>730.8</u>

	Amounts owed from	
	2013 £m	2012 £m
Liberty International Group Treasury Limited	1.1	-
The Trafford Centre Group (UK) Limited	223.7	184.9
Barton Square Limited	-	16.4
	<u>224.8</u>	<u>201.3</u>

As John Whittaker, Deputy Chairman and Non-Executive Director of Intu Properties plc, the company's ultimate parent company, is the Chairman of Peel Group, members of the Peel Group are considered to be related parties. Total transactions between the company and members of the Peel Group are shown below:

	2013 £m	2012 £m
Income	2.6	2.3
Expenditure	(0.7)	(0.6)
	<u>1.9</u>	<u>1.7</u>

Income predominantly relates to leases of office space and a contract to provide advertising services. Expenditure predominantly relates to costs incurred under the transitional services agreement and the supply of utilities. All contracts are on an arms length basis at commercial rates.

As at 31 December 2013 amounts owed by members of the Peel Group were £0.1 million (2012 £nil) and amounts owed to members of the Peel Group were £nil (2012 £0.1 million).

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

15. Ultimate parent company

The ultimate parent company is Intu Properties plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is The Trafford Centre Holdings Limited, a company incorporated and registered in England and Wales.

16. Operating leases

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

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

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

	2013 £m	2012 £m
Not later than one year	75.9	77.3
Later than one year and not later than five years	294.4	268.4
Later than five years	348.0	344.0
	<u>718.3</u>	<u>689.7</u>

17. Financial risk management

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

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

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. Financial risk management (continued)

Market risk

Interest rate risk

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

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

The company's interest rate risk arises from borrowings issued at variable rates that expose the company to cash flow interest rate risk through loans owed to group undertakings, whereas borrowings issued by group undertakings at fixed interest rates expose the company to fair value interest rate risk.

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

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

The below table shows the effects of interest rate swaps on the amounts owed to group undertakings by the company:

	Fixed 2013 £m	Floating 2013 £m	Fixed 2012 £m	Floating 2012 £m
Amounts owed to group undertakings	474.8	244.9	481.3	253.6
Derivative impact	<u>244.9</u>	<u>(244.9)</u>	<u>253.6</u>	<u>(253.6)</u>
Net loan Profile	<u>719.7</u>	<u>-</u>	<u>734.9</u>	<u>-</u>
Interest rate protection on floating debt		<u>100%</u>		<u>100.0%</u>

The loan is 100% hedged through way of interest rate swaps and interest rate cap.

The weighted average rate of interest rates contracted through interest rates swaps and cap is 4.6 per cent (2012 4.6 per cent).

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. Financial risk management (continued)

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £19.0 million (2012 £22.4 million) in the fair value of derivatives. The approximate impact of a 50 basis point shift downwards in the level of interest rates would be a negative movement of £20.7 million (2012 £24.7 million) in the fair value of derivatives. In practice, a parallel shift in the yield curve is highly unlikely. However, the above sensitivity analysis is a reasonable illustration of the possible effect from the changes in slope and shifts in the yield curve that may actually occur. Where the fixed rate derivative financial instruments are matched by floating rate debt, the overall effect on company cash flow of such a movement would be very small.

Liquidity risk

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

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

					2013
	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Amounts owed to group undertakings	(50.7)	(51.4)	(165.2)	(1,005.1)	(1,272.4)
Other financial liabilities	(7.8)	(1.3)	(2.0)	(9.7)	(20.8)
Derivative payments	(9.7)	(9.7)	(30.8)	(166.2)	(216.4)
Derivative receipts	1.3	2.5	18.8	145.1	167.7
	<u>(66.9)</u>	<u>(59.9)</u>	<u>(179.2)</u>	<u>(1,035.9)</u>	<u>(1,341.9)</u>

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. Financial risk management (continued)

					2012
	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Amounts owed to group undertakings	(50.2)	(50.8)	(149.2)	(1,053.5)	(1,303.7)
Other financial liabilities	(3.3)	(1.3)	(2.0)	(10.3)	(16.9)
Derivative payments	(9.6)	(9.7)	(30.0)	(176.7)	(226.0)
Derivative receipts	1.2	1.3	7.2	139.9	149.6
	<u>(61.9)</u>	<u>(60.5)</u>	<u>(174.0)</u>	<u>(1,100.6)</u>	<u>(1,397.0)</u>

Credit risk

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

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

Prospective tenants are assessed via a review process, including obtaining credit ratings and reviewing financial information which is conducted internally. As a result deposits or guarantors may be obtained. The amount of deposits held as collateral at 31 December 2013 is £nil (2012 £0.2 million).

It is Company policy to calculate any impairment specifically on each contract.

The ageing analysis of these trade receivables is as follows:

	2013 £m	2012 £m
Up to three months	2.5	2.1
Three to six months	<u>0.4</u>	<u>0.2</u>
Trade receivables	<u>2.9</u>	<u>2.3</u>

At 31 December 2013 trade receivables are shown net of provisions totalling £0.6 million (2012 £0.7 million).

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. Financial risk management (continued)

The credit risk relating to cash, deposits and derivative financial instruments is actively managed centrally by Intu Properties plc, the ultimate parent. Relationships are maintained with a number of tier one institutional counterparties, ensuring compliance with Intu Properties plc group policy relating to limits on the credit ratings of counterparties (between BBB+ and AAA).

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

Classification of financial assets and liabilities

The table below sets out the company's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2013 and 31 December 2012. The fair values of quoted borrowings are based on the asking price. The fair values of derivative financial instruments are determined from observable market prices or estimated using appropriate yield curves at 31 December each year by discounting the future contractual cash flows to the net present values.

	Carrying value £m	Fair value £m	Gain/(loss) to income statement £m
2013			
Trade and other receivables	227.9	227.9	-
Cash and cash equivalents	36.9	36.9	-
Total cash and receivables	<u>264.8</u>	<u>264.8</u>	<u>-</u>
Derivative financial instruments	<u>(41.2)</u>	<u>(41.2)</u>	<u>27.8</u>
Total held for trading liabilities	<u>(41.2)</u>	<u>(41.2)</u>	<u>27.8</u>
Trade and other payables	<u>(737.7)</u>	<u>(808.1)</u>	<u>-</u>
Total loans and payables	<u>(737.7)</u>	<u>(808.1)</u>	<u>-</u>

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. Financial risk management (continued)

2012	Carrying value £m	Fair value £m	Gain/(loss) to income statement £m
Trade and other receivables	203.6	203.6	-
Cash and cash equivalents	39.2	39.2	-
Total cash and receivables	<u>242.8</u>	<u>242.8</u>	<u>-</u>
Derivative financial instruments	<u>(69.0)</u>	<u>(69.0)</u>	<u>(1.4)</u>
Total held for trading liabilities	<u>(69.0)</u>	<u>(69.0)</u>	<u>(1.4)</u>
Trade and other payables	<u>(747.7)</u>	<u>(843.2)</u>	<u>-</u>
Total loans and payables	<u>(747.7)</u>	<u>(843.2)</u>	<u>-</u>

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

There were no gains or losses arising on financial assets or liabilities recognised direct to equity (2012 £nil).

Fair value hierarchy

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

Transfers into and transfers out of the fair value hierarchy levels are recognised on the date of the event or change in circumstances that caused the transfer. There were no transfers in or out for the above financial assets and liabilities during the year.

Valuation techniques for level 2 hierarchy financial assets and liabilities are presented in the accounting policies.

THE TRAFFORD CENTRE LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

Company number 3080975

THE TRAFFORD CENTRE LIMITED

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THE TRAFFORD CENTRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012.

The Trafford Centre Limited is incorporated and registered in England and Wales. The company's registered office is 40 Broadway, London SW1H 0BU.

PRINCIPAL ACTIVITIES

The principal activity of the company is the ownership, management and development of The Trafford Centre, Manchester.

BUSINESS REVIEW

The company's results and financial position for the year ended 31 December 2012 are set out in full in the income statement, balance sheet, statement of changes in equity, statement of cash flows and the notes to the financial statements.

The company's performance during the year reflects a satisfactory rental performance, given the prevailing property market conditions. This is reflected in the net rental income of £82.6 million (2011 £81.9 million). Property valuation surplus amounted to £91.5 million (2011 surplus of £51.7 million). The company recorded a profit before tax of £127.1 million, including negative movements in the fair value of derivative financial instruments of £1.4 million (2011 £48.7 million), compared with profit before tax of £29.9 million for the previous year. Net assets at 31 December 2012 were £976.1 million, an increase of £127.1 million from the 31 December 2011 of £849.0 million.

2012 continued to be a challenging year for most retailers and shopping centres; The Trafford Centre has however continued to progress as evidenced by improving tenant mix, new bigger and better flagship stores and increased net rental income growth.

The company's commitment to maintain high standards and to support existing and new tenants has resulted in continued ability to attract new high quality tenant names to the centre. These include Nespresso, Forever 21, L'Occitane, Lavazza, Saffran, Indulge and Kuoni. In total 17 new stores and 12 refits represent £9.3 million of new tenant investment into the centre. The strategy to refuse to compromise tenant mix has been a key part of the success of the centre; along with attracting new customers and maintaining a very strong retail and catering line up, that is regularly refreshed. At the same time existing retailers have relocated and or taken additional space including T-mobile, Starbucks, Thomson, Coast and Hugo Boss.

In 2013 there are a number of lease renewals, 15 years from the opening of the centre. With the continued appetite for new space and the low level of voids in the centre, the company is now well placed to move forward in renewing, re gearing and securing new high quality tenants to the centre.

Despite visitor numbers to The Trafford Centre being slightly down on the previous year, customer spend has strengthened, particularly in the second half of the year. The majority of retail tenants reported growth in sales, with larger stores generally performing strongly.

Food service has once again shown significant progress, as customers increasingly include something to eat and drink as a part of their shopping trip.

The customer experience has remained a clear focus as the centre's World Class Customer Service ethos has continued to be developed.

THE TRAFFORD CENTRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

BUSINESS REVIEW

The Trafford Centre management has continued to challenge costs in all areas to drive best value for tenants whilst ensuring the quality of service provision remains paramount. A further 9% reduction in electricity consumption has now helped deliver a 36% reduction in the centre's carbon footprint since 2008.

As the company's ultimate parent company is Intu Properties plc, the company faces largely those risks and uncertainties faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

The company's ultimate parent changed its name from Capital Shopping Centres Group PLC to Intu Properties plc on 15 February 2013.

RESULTS AND DIVIDENDS

The company's results and financial position are set out in the income statement and balance sheet on pages 6 and 7.

No interim or final ordinary dividend was paid in the year (2011 0.09 pence interim dividend paid).

CAPITAL MANAGEMENT

The directors consider the capital of the company to be ordinary share capital of £22.4 million and preference shares of £154.2 million. Management of this capital is performed at a group level.

INVESTMENT AND DEVELOPMENT PROPERTY

The movements in investment and development property are set out in note 10.

DIRECTORS

The directors who held office during the year are given below:

Martin Ellis
David Fischel
Hugh Ford
Gordon McKinnon
Trevor Pereira
Matthew Roberts
Peter Weir
Julian Wilkinson

DIRECTORS' INDEMNITY PROVISION

A qualifying indemnity provision (as defined in S234 of the Companies Act 2006) was in force for the benefit of the directors of the company during the financial year and at the date of the approval of the financial statements. The company's ultimate parent, Intu Properties plc, maintains directors' and officers' insurance which is reviewed annually.

THE TRAFFORD CENTRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Under the provisions of the Companies Act 2006, the company is not required to hold an annual general meeting. Elective Resolutions are in force to dispense with the appointment of auditors annually. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to be reappointed for each succeeding financial year.

By order of the Board



David Fischel
Director
26 April 2013

THE TRAFFORD CENTRE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAFFORD CENTRE LIMITED

We have audited the financial statements of The Trafford Centre Limited (registered company no. 3080975) for the year ended 31 December 2012 which comprise the income statement, balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

THE TRAFFORD CENTRE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAFFORD CENTRE LIMITED

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.



Alison Morris (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 April 2013

THE TRAFFORD CENTRE LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	Represented 2011
	Note	£m	£m
Revenue	2	<u>96.9</u>	<u>97.2</u>
Net rental income	2	82.6	81.9
Revaluation of investment and development property	10	91.5	51.7
Administration expenses		<u>(0.8)</u>	<u>(0.8)</u>
Operating profit	3	<u>173.3</u>	<u>132.8</u>
Finance costs	4	(44.8)	(47.0)
Other finance costs	5	-	(7.2)
Change in fair value of derivative financial instruments		<u>(1.4)</u>	<u>(48.7)</u>
Net finance costs		<u>(46.2)</u>	<u>(102.9)</u>
Profit before tax		127.1	29.9
Taxation	6	<u>-</u>	<u>190.3</u>
Profit for the year		<u><u>127.1</u></u>	<u><u>220.2</u></u>

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

THE TRAFFORD CENTRE LIMITED

BALANCE SHEET AT 31 DECEMBER 2012

		2012	Represented 2011
	Note	£m	£m
Non-current assets			
Investment and development property	10	1,715.2	1,622.7
Plant and equipment	11	0.9	0.1
Trade and other receivables	12	14.7	10.9
		<u>1,730.8</u>	<u>1,633.7</u>
Current assets			
Trade and other receivables	12	206.0	212.5
Cash and cash equivalents		39.2	31.2
		<u>245.2</u>	<u>243.7</u>
Total assets		<u>1,976.0</u>	<u>1,877.4</u>
Current liabilities			
Trade and other payables	13	(55.1)	(70.1)
Derivative financial instruments		(1.5)	-
		<u>(56.6)</u>	<u>(70.1)</u>
Non-current liabilities			
Trade and other payables	13	(875.8)	(890.9)
Derivative financial instruments		(67.5)	(67.4)
		<u>(943.3)</u>	<u>(958.3)</u>
Total liabilities		<u>(999.9)</u>	<u>(1,028.4)</u>
Net assets		<u>976.1</u>	<u>849.0</u>
Equity			
Share capital	14	22.4	22.4
Retained earnings		953.7	826.6
Total equity		<u>976.1</u>	<u>849.0</u>

The notes on pages 10 to 33 form part of these financial statements.

The financial statements on pages 6 to 33 have been approved by the Board of Directors on 26 April 2013 and signed on its behalf by:



David Fischel
Director



Matthew Roberts
Director

THE TRAFFORD CENTRE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £m	Retained earnings £m	Total equity £m
At 1 January 2011 (represented)	<u>22.4</u>	<u>606.4</u>	<u>628.8</u>
Profit for the year (represented)	<u>-</u>	<u>220.2</u>	<u>220.2</u>
Total comprehensive income for the year (represented)	<u>-</u>	<u>220.2</u>	<u>220.2</u>
At 31 December 2011 (represented)	<u><u>22.4</u></u>	<u><u>826.6</u></u>	<u><u>849.0</u></u>
At 1 January 2012	<u>22.4</u>	<u>826.6</u>	<u>849.0</u>
Profit for the year	<u>-</u>	<u>127.1</u>	<u>127.1</u>
Total comprehensive income for the year	<u>-</u>	<u>127.1</u>	<u>127.1</u>
At 31 December 2012	<u><u>22.4</u></u>	<u><u>953.7</u></u>	<u><u>976.1</u></u>

THE TRAFFORD CENTRE LIMITED

STATEMENT OF CASH FLOWS AT 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Cash generated from operations	17	83.4	83.0
Interest paid		(44.2)	(53.6)
Taxation – REIT entry charge		(14.5)	(16.9)
Taxation		(0.5)	(1.5)
		<u>24.2</u>	<u>11.0</u>
Cash flows from operating activities			
Purchase and development of property, plant and equipment		(1.8)	(1.7)
		<u>(1.8)</u>	<u>(1.7)</u>
Cash flows from investing activities			
Amounts owed to group undertakings repaid		(14.4)	(13.5)
		<u>(14.4)</u>	<u>(13.5)</u>
Cash flows from financing activities			
		(14.4)	(13.5)
		<u>(14.4)</u>	<u>(13.5)</u>
Net increase/(decrease) in cash and cash equivalents		8.0	(4.2)
Cash and cash equivalents at 1 January		31.2	35.4
		<u>39.2</u>	<u>31.2</u>
Cash and cash equivalents at 31 December			

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These are the company's first financial statements to be prepared under IFRS and IFRS 1 (First-time adoption of International Financial Reporting Standards) has been applied.

The comparative information presented in these financial statements has been restated and represented under IFRS. Further details on the restatement of comparative information and conversion to IFRS are given in note 20.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of property and certain other financial assets and liabilities. A summary of the accounting policies is set out below.

In assessing whether the going concern basis of preparation is appropriate to adopt, the directors considered a number of factors including financial projections of the company and the level of financial support that may be made available to the company by its ultimate parent, Intu Properties plc. Based on this review the directors have concluded that there is a reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

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

The accounting policies used are consistent with those applied in the last annual financial statements, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year. During 2012, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the company's 31 December 2012 year end:

- IFRS 7 Financial Instruments: Disclosures (amendment – disclosures on transfers of financial assets)

This amendment had no impact on the financial statements.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

The following standards have been issued and adopted by the EU but are not effective for the year ended 31 December 2012 and have not been adopted early:

- IFRS 7 Financial Instruments; Disclosures (amendment – offsetting requirements and converged disclosure) (effective from 1 January 2013);
- IFRS 10 Consolidated Financial Statements (effective from 1 January 2014);
- IFRS 11 Joint Arrangements (effective from 1 January 2014);
- IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2014);
- IFRS 13 Fair Value Measurement (effective from 1 January 2013);
- IAS 1 Presentation of Financial Statements (amendment) (effective from 1 July 2013);
- IAS 12 Income Taxes (amendment) (effective from 1 January 2013);
- IAS 19 Employee Benefits (revised) (effective from 1 January 2013);
- IAS 27 Separate Financial Statements (revised) (effective from 1 January 2014);
- IAS 28 Investments in Associates and Joint Ventures (revised) (effective from 1 January 2014); and
- IAS 32 Financial Instruments: Presentation (amendment) (effective from 1 January 2014).

These pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentations or disclosure.

Additionally a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. The most significant of these are:

- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements (amendment);
- IFRS 12 Disclosure of Interests in Other Entities (amendment);
- IAS 27 Separate Financial Statements (amendment);
- IAS 32 Financial Instruments: Presentation (amendment);
- Amendments to (transition guidance) IFRS 10, IFRS 11 and IFRS 12; and
- Amendments arising from annual improvements 2009-2011 cycle.

These pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentations or disclosure.

Investment and development property

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

The company has elected to use the fair value model. Property is initially recognised at cost and subsequently revalued at the balance sheet date to fair value as determined by professionally qualified external valuers on the basis of market value. Valuations conform with the Royal Institution of Chartered Surveyors ("RICS"), Valuation Standards 8th Edition and IVS1 of International Valuation Standards.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

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

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

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

Gains or losses arising on the sale of investment and development property are recognised when the significant risks and rewards of ownership have been transferred to the buyer. This will normally take place on exchange of contracts. The gain or loss recognised is the proceeds received less the carrying value of the property and costs directly associated with the sale.

Revenue recognition

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company.

Rental income receivable is recognised on a straight line basis over the term of the lease. Directly attributable lease incentives are recognised within rental income on the same basis.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, for example increases arising on rent reviews or rents linked to tenant revenues, are recorded as income in the periods in which they are earned. Rent reviews are recognised as income from the date of the rent review, based on management's estimates. Estimates are derived from knowledge of market rents for comparable properties determined on an individual property basis and updated for progress of negotiations.

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

Taxation

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Leases

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are normally classified as operating leases.

Investment properties are leased to tenants under operating leases, with rental income being recognised on a straight-line basis over the lease term. For more detail see the revenue recognition accounting policy.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

Impairment of assets

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

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost.

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

Cash and cash equivalents

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

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Current/non-current classification

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

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

Plant and equipment

Plant and equipment is stated at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation is charged to the income statement on a straight-line basis over an asset's estimated useful life up to a maximum of five years.

Pensions

The costs of defined contribution schemes and contributions to personal plans are charged to the income statement in the year in which they are incurred.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2. Revenue and net rental income

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

	2012	Represented 2011
	£m	£m
Rent receivable	84.9	84.6
Service charge income	12.0	12.6
Revenue	<u>96.9</u>	<u>97.2</u>
Service charge costs	(12.6)	(12.2)
Other non-recoverable costs	<u>(1.7)</u>	<u>(3.1)</u>
Net rental income	<u><u>82.6</u></u>	<u><u>81.9</u></u>

3. Operating profit

Operating profit is arrived at after charging:

	2012	Represented 2011
	£m	£m
Staff costs (note 8)	4.8	5.9
Depreciation (note 10)	<u>-</u>	<u>-</u>

The operating profit is arrived at after charging auditors' remuneration of £3,300 (2011 £3,300).

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

4. Finance costs

	2012 £m	Represented 2011 £m
Finance costs		
On amounts due to group undertakings	44.7	46.9
Preference share dividends	0.1	0.1
	<u>44.8</u>	<u>47.0</u>
Finance costs		

5. Other finance costs

	2012 £m	Represented 2011 £m
Other finance costs		
Cost of termination of derivative financial instruments	-	7.2
	<u>-</u>	<u>7.2</u>
Other finance costs		

6. Taxation

	2012 £m	Represented 2011 £m
Current tax:		
UK Corporation tax	-	0.6
REIT entry charge	-	31.3
	<u>-</u>	<u>31.9</u>
Current tax		
Deferred tax	-	(222.2)
	<u>-</u>	<u>(190.3)</u>
Total tax credit		

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

6. Taxation (continued)

The tax expense for the year is lower (2011 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2012 £m	Represented 2011 £m
Profit before tax	<u>127.1</u>	<u>29.9</u>
Profit before tax multiplied by the standard rate of tax in the UK of 24.5% (2011 26.5%)	31.1	7.9
Change in accounting policy	2.2	(0.2)
Transfer pricing adjustment	1.2	1.2
Net disallowable expenditure	0.1	0.3
Group relief (without payment)	-	(0.2)
REIT exemption – corporate tax	(12.2)	(7.2)
REIT exemption – deferred tax	(22.4)	(223.4)
REIT entry charge	<u>-</u>	<u>31.3</u>
Tax expense/(credit)	<u>-</u>	<u>(190.3)</u>

On 28 January 2011, The Trafford Centre Limited became a 100% owned member of the Intu Properties plc group and therefore became a member of a UK-REIT group (UK Real Estate Investment Trust). Consequently, the majority of the company's profits should not be subject to UK corporation tax from 28 January 2011.

Becoming a member of a group UK-REIT from 28 January 2011 resulted in the reversal of the provision for deferred tax included in the company's balance sheet and the inclusion of the liability for the payment of the REIT entry charge which has now been fully paid.

7. Dividends

	2012 £	2011 £
2011 interim dividend paid of 0.09 pence per ordinary share	<u>-</u>	<u>20,000</u>
Dividends paid	<u>-</u>	<u>20,000</u>

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

8. Employees' information

	2012 £m	2011 £m
Wages and salaries	4.5	5.4
Social security costs	0.3	0.4
Other pension costs	-	0.1
	<u>4.8</u>	<u>5.9</u>

At 31 December 2012 the number of persons employed by the company was 303 (2011 313). During the year a number of employees of the company were transferred to another group company. The average monthly number of persons employed by the company during the year, inclusive of executive directors, was as follows:

	2012 Number	2011 Number
Administration	12	31
Operational and maintenance	<u>300</u>	<u>338</u>
	<u>312</u>	<u>369</u>

9. Directors' emoluments

The remuneration of directors of the company was as follows:

	2012 £	2011 £
Emoluments	-	25,204
Money purchase pension contribution	-	1,500
	<u>-</u>	<u>26,704</u>

Only one of the directors received remuneration during the prior period and therefore the above represents the amounts paid to the highest paid director.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. Investment and development property

	2012 £m	Represented 2011 £m
Freehold		
At 1 January	1,622.7	1,569.3
Additions	1.0	1.7
Surplus on revaluation	91.5	51.7
	<u>1,715.2</u>	<u>1,622.7</u>
At 31 December		
Net amounts included within prepayments and accrued income, and accruals and deferred income in respect of lease incentives	<u>(0.2)</u>	<u>(3.2)</u>
Market value at 31 December	<u>1,715.0</u>	<u>1,619.5</u>

The fair value of the company's investment and development property as at 31 December 2012 was determined by independent external valuers, Cushman & Wakefield LLP, at that date. The valuation conforms with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 8th edition and with IVS1 of International Valuation Standards, and was arrived at by reference to market transactions for similar properties.

Investment property principally represents The Trafford Centre, Manchester and adjacent land.

11. Plant and equipment

	2012			Represented 2011		
	Cost £m	Accumulated depreciation £m	Net £m	Cost £m	Accumulated depreciation £m	Net £m
At 1 January	3.6	(3.5)	0.1	3.6	(3.5)	0.1
Additions	0.8	-	0.8	-	-	-
Charge for the year	-	-	-	-	-	-
	<u>4.4</u>	<u>(3.5)</u>	<u>0.9</u>	<u>3.6</u>	<u>(3.5)</u>	<u>0.1</u>
At 31 December						

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

12. Trade and other receivables

	2012	Represented 2011
	£m	£m
Current		
Trade receivables	2.3	5.4
Amounts owed by group undertakings	201.3	202.7
Other receivables	-	1.2
Prepayments and accrued income	2.4	3.2
	<u>206.0</u>	<u>212.5</u>
Non-current		
Prepayments and accrued income	<u>14.7</u>	<u>10.9</u>

Included within prepayments and accrued income are tenant incentives of £14.1 million (2011 £11.8 million).

13. Trade and other payables

	2012	Represented 2011
	£m	£m
Current		
Amounts owed to group undertakings	15.0	14.4
Less: finance costs	(0.6)	(0.6)
Net loan amount	14.4	13.8
Trade payables	1.1	0.6
Corporation tax	0.1	0.6
Other taxation and social security	4.5	19.0
Other payables	1.4	1.1
Accruals and deferred income	25.1	26.5
Accruals and other amounts due to group undertakings	8.5	8.5
	<u>55.1</u>	<u>70.1</u>
Non-current		
Loans owed to group undertakings	719.9	734.9
Less: finance costs	(12.0)	(12.5)
Net loan amount	707.9	722.4
Accruals and deferred income	13.7	14.3
Preference shares (note 14)	154.2	154.2
	<u>875.8</u>	<u>890.9</u>

Finance costs are being amortised over 25 years, being the average lifetime of the term facilities.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

13. Trade and other payables (continued)

The loans owed to group undertakings relate to term facilities held by The Trafford Centre Finance Limited with external parties which are passed to the company through an intercompany loan. These term facilities are secured against various contracts entered into in connection with the securitisation of the future rental income of the company together with a fixed legal charge on The Trafford Centre.

The maturity profile of the term facilities held by The Trafford Centre Finance Limited is:

	2012 £m	2011 £m
Wholly repayable within one year	15.0	14.4
Wholly repayable in more than one year but not more than two years	16.6	15.2
Wholly repayable in more than two years but not more than five years	45.7	47.1
Wholly repayable in more than five years	657.6	672.6
	<u>734.9</u>	<u>749.3</u>

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

13. Trade and other payables (continued)

The term facilities are analysed as follows:

	Interest rate	Final maturity	Carrying value 2012 £m	Fair value 2012 £m	Carrying value 2011 £m	Fair value 2011 £m
Current						
Secured notes:						
Class						
A1(N)	Floating	2015	8.5	8.4	10.2	9.9
B	7.03%	2029	4.2	5.2	4.2	5.0
A2	6.5%	2033	2.3	3.1	-	-
Debt falling due within one year			15.0	16.7	14.4	14.9
Less: finance costs			(0.6)	-	(0.6)	-
Net loan amount			<u>14.4</u>	<u>16.7</u>	<u>13.8</u>	<u>14.9</u>
Non-current						
Secured notes:						
Class						
A1(N)	Floating	2015	7.5	7.4	16.0	15.5
A2	6.5%	2033	337.7	448.8	340.0	414.3
A3	Floating	2035	188.5	147.1	188.5	147.0
B	7.03%	2029	87.1	108.5	91.3	108.3
B2	Floating	2035	20.0	14.4	20.0	13.0
D1(N)	Floating	2035	29.1	14.7	29.1	11.4
D2	8.28%	2022	50.0	60.2	50.0	58.1
Debt falling due after one year			719.9	801.1	734.9	767.6
Less: finance costs			(12.0)	-	(12.5)	-
Net loan amount			<u>707.9</u>	<u>801.1</u>	<u>722.4</u>	<u>767.6</u>
Total borrowings			<u>722.3</u>	<u>817.8</u>	<u>736.2</u>	<u>782.5</u>

Interest on the Class A1(N), Class A3, Class B2 and Class D1(N) secured notes whose rates are based on LIBOR plus an applicable margin has been hedged under interest rate swap contracts totalling £218.3 million (2011 £217.8 million) with rates of 4.2%, 4.34% and 4.66% and an interest rate cap of £35.3 million (2011 £46.0 million) with a capped rate of 6.66% plus an applicable margin on each bond. The fair value of these interest rate swaps at 2012 was a liability of £69.0 million (2011 £67.4 million).

Additional interest of 0.01% per annum is due on the principal amount outstanding on the loan owed to group undertaking. Interest is also due to cover any fees and costs incurred by the issuer company, The Trafford Centre Finance Limited.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14. Share capital

		2012 £m	2011 £m
Equity share capital	Number		
Issued, allotted and fully paid			
Ordinary shares of £1 each	22,353,167	<u>22.4</u>	<u>22.4</u>
Other share capital	Number	2012 £m	2011 £m
Issued, allotted and fully paid			
A preference shares of 17p each	200,000,000	34.0	34.0
B preference shares of £1 each	120,200,000	<u>120.2</u>	<u>120.2</u>
		<u>154.2</u>	<u>154.2</u>

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1st October 2009. Under savings provisions, the maximum number of shares which may be issued by the company is 22,353,167 Ordinary shares of £1 each, 200,000,000 A Preference Shares of 17p each and 120,200,000 B Preference Shares of £1 each.

(a) Rights of A preference shares

An A Preference Share shall confer on the holder the right to receive, out of the profits of the company available for distribution and in priority to the holders of Ordinary Shares but paid pari passu with any payments available for distribution to the holders of the B Preference Shares, a fixed cumulative dividend accruing at the rate of 0.05 per cent per annum (excluding the amount of any associated tax credit) on the nominal value of each A Preference Share, such dividend to accrue from day to day and to be paid in two equal instalments on 30 November and 31 May in each year in respect of the two half-years ending on those dates except that the first payment was made on 31 May 2000 in respect of the period from the date of allotment of the share to that date and so that each such dividend shall (subject to the company having sufficient distributable profits to cover the same) ipso facto and without any resolution of the directors or the company in General Meeting and notwithstanding any other provision in the Articles of Association of the company become a debt due from and immediately payable by the company to the holder of such A Preference share registered in the books of the company on the payment date concerned.

On a winding up or other return of capital, to receive, pari passu with the holders of Ordinary Shares and B Preference shares, repayment in full of the capital paid up on each A Preference Share and repayment of a sum equal to any arrears or accruals of the fixed cumulative preferential dividend unpaid on that A Preference Share, whether or not earned or declared, calculated down to and including the date of the return of capital.

An A Preference Share shall not confer on the holder any further or other right to participate in the profits or assets of the company.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14. Share capital (continued)

(a) Rights of A preference shares (continued)

An A Preference Share shall not confer on the holder any right to receive notice of or to attend or to vote either in person or by proxy at any general meeting of the company unless at the date of the notice convening the meeting the fixed preferential dividend is in arrears and unpaid for six months after a half-yearly date fixed for its payment or the business of the meeting includes the consideration of a resolution for the reducing of the share capital of the company or varying any of the special rights attached to the A Preference Shares in which case an A Preference Share shall confer on the holder the right to attend and vote at the meeting either in person or by proxy and on a poll the holder of an A Preference Share shall have one vote for every A Preference Share held by him.

(b) Rights of B preference shares

A B Preference Share shall confer on the holder the right to receive, out of the profits of the company available for distribution and in priority to the holders of Ordinary Shares but paid *pari passu* with any payments available for distribution to the holders of the A Preference Shares, a fixed cumulative dividend accruing at the rate of 0.1 per cent. per annum (excluding the amount of any associated tax credit) on the nominal value of each B Preference Share, such dividend to accrue from day to day and to be paid in two equal instalments on 30 November and 31 May in each year in respect of the two half-years ending on those dates except that the first payment was made on 31 May 2000 in respect of the period from the date of allotment of the share to that date and so that each dividend shall (subject to the company having sufficient distributable

On a winding up or other return of capital, to receive, *pari passu* with the holders of Ordinary Shares and A Preference Shares, repayment in full of the capital paid up on each B Preference Share and repayment of a sum equal to any arrears or accruals of the fixed cumulative preferential dividend unpaid on that B Preference Share, whether or not earned or declared, calculated down to and including the date of the return of capital.

A B Preference Share shall not confer on the holder any further or other right to participate in the profits or assets of the company.

A B Preference Share shall not confer on the holder any right to receive notice of or to attend or to vote either in person or by proxy at any general meeting of the company unless at the date of the notice convening the meeting the fixed preferential dividend is in arrears and unpaid for six months after a half-yearly date fixed for its payment or the business of the meeting includes the consideration of a resolution reducing the share capital of the company or varying any of the special rights attached to the B Preference Shares in which case a B Preference Share shall confer on the holder the right to attend and vote at the meeting either in person or by proxy and on a poll the holder of a B Preference Share shall have one vote for every B Preference Share held by him.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14. Share capital (continued)

(c) Rights of both A and B preference shares

If, for any reason, there are insufficient profits available for distribution to the holders of the A Preference Shares and the B Preference Shares, then the company shall distribute such profits as are available between the holders of the A Preference Shares on the one hand and the other hand the holders of B Preference Shares in the ratio, that had there been sufficient profits, the amount of the dividend payable on the A Preference Shares bears to the amount of the dividend payable on the B Preference Shares in accordance with the entitlement to such dividends as are set out in Articles provided always that in making such a distribution, the rights of such holders of the A Preference Shares and the B Preference Shares to payment in full of the remainder of the amount then due to them by way of dividend in respect of such A Preference Shares and the B Preference Shares shall not otherwise be prejudiced or affected in any way.

15. Capital commitments

At 31 December 2012, the Board had approved £2.1 million (2011 £0.4 million) of future expenditure for the purchase, construction, development and enhancement of investment property. Of this, £1.9 million (2011 £nil) is contractually committed. Of the £2.1 million, the majority is expected to be spent in 2013.

16. Contingent liabilities

At 2012 the company's surety had provided road bonds and guarantees amounting to £nil (2011 £0.7 million), in respect of which the company had provided a counter-indemnity.

17. Cash generated from operations

	2012 £m	2011 £m
Profit before tax	127.1	29.9
Remove:		
Lease incentives and letting costs	(3.6)	(1.6)
Revaluation of investment property	(91.5)	(51.7)
Finance costs	44.8	47.0
Other finance costs	-	7.2
Change in the fair value of derivative financial instruments	1.4	48.7
Change in working capital:		
Change in trade and other receivables	5.6	3.8
Change in trade and other payables	(0.4)	(0.3)
Cash generated from operations	<u>83.4</u>	<u>83.0</u>

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

18. Related party transactions

During the year the company entered into the following transactions with other group companies:

		2012 £m	2011 £m
	Nature of transaction		
The Trafford Centre Finance Limited	Interest payable	44.7	46.9
The Trafford Centre Holdings Limited	Preference dividend	<u>0.1</u>	<u>0.1</u>

Significant balances outstanding between the company and other group companies are shown below:

	Amounts owed to	
	2012 £m	2011 £m
Intu Shopping Centres plc	0.3	-
The Trafford Centre Finance Limited	<u>730.5</u>	<u>744.7</u>

	Amounts owed from	
	2012 £m	2011 £m
The Trafford Centre Group (UK) Limited	184.9	185.6
Barton Square Limited	<u>16.4</u>	<u>17.1</u>

As John Whittaker, Deputy Chairman and Non-Executive Director of Intu Properties plc, the company's ultimate parent company, is the Chairman of Peel Group, members of the Peel Group are considered to be related parties. Total transactions between the company and members of the Peel Group are shown below:

	2012 £m	2011 £m
Income	2.3	2.3
Expenditure	<u>(0.6)</u>	<u>(0.5)</u>

Income predominantly relates to leases of office space and a contract to provide advertising services. Expenditure predominantly relates to costs incurred under the transitional services agreement and the supply of utilities. All contracts are on an arms length basis at commercial rates.

As at 31 December 2012 amounts owed by members of the Peel Group were £nil (2011 £0.1 million) and amounts owed to members of the Peel Group were £0.1 million (2011 £0.1 million).

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

19. Ultimate parent company

The ultimate parent company is Intu Properties plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is The Trafford Centre Holdings Limited, a company incorporated and registered in England and Wales.

20. Financial risk management

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

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

Market risk

Interest rate risk

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

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

The company's interest rate risk arises from borrowings issued at variable rates that expose the company to cash flow interest rate risk through loans owed to group undertakings, whereas borrowings issued by group undertakings at fixed interest rates expose the company to fair value interest rate risk.

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

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

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

20. Financial risk management (continued)

The below table shows the effects of interest rate swaps on the amounts owed to group undertakings by the company:

	Fixed 2012 £m	Floating 2012 £m	Fixed 2011 £m	Floating 2011 £m
Amounts owed to group undertakings	481.3	253.6	485.5	263.8
Derivative impact	<u>218.3</u>	<u>(218.3)</u>	<u>217.8</u>	<u>(217.8)</u>
Net loan Profile	<u>699.6</u>	<u>35.3</u>	<u>703.3</u>	<u>46.0</u>
Interest rate protection on floating debt		<u>95.2%</u>		<u>93.9%</u>

The weighted average rate of interest rates contracted through interest rates swaps is 4.4 per cent (2011 4.5 per cent).

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £22.4 million (2011 £22.6 million) in the fair value of derivatives. The approximate impact of a 50 basis point shift downwards in the level of interest rates would be a negative movement of £24.7 million (2011 £25.0 million) in the fair value of derivatives. In practice, a parallel shift in the yield curve is highly unlikely. However, the above sensitivity analysis is a reasonable illustration of the possible effect from the changes in slope and shifts in the yield curve that may actually occur. Where the fixed rate derivative financial instruments are matched by floating rate debt, the overall effect on company cash flow of such a movement would be very small.

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

20. Financial risk management (continued)

Liquidity risk

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

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

	2012				
	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Amounts owed to group undertakings	(50.2)	(50.8)	(149.2)	(1,053.5)	(1,303.7)
Other financial liabilities	(3.3)	(1.3)	(2.0)	(10.3)	(16.9)
Derivative payments	(9.6)	(9.7)	(30.0)	(176.7)	(226.0)
Derivative receipts	1.2	1.3	7.2	139.9	149.6
	<u>(61.9)</u>	<u>(60.5)</u>	<u>(174.0)</u>	<u>(1,100.6)</u>	<u>(1,397.0)</u>
					2011
	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Amounts owed to group undertakings	(51.1)	(51.2)	(154.9)	(1,101.6)	(1,358.8)
Other financial liabilities	(5.7)	(1.3)	(2.2)	(11.0)	(20.2)
Derivative payments	(9.7)	(9.6)	(29.4)	(187.3)	(236.0)
Derivative receipts	2.4	2.3	9.7	141.5	155.9
	<u>(64.1)</u>	<u>(59.8)</u>	<u>(176.8)</u>	<u>(1,158.4)</u>	<u>(1,459.1)</u>

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

20. Financial risk management (continued)

Credit risk

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

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

Prospective tenants are assessed via a review process, including obtaining credit ratings and reviewing financial information which is conducted internally. As a result deposits or guarantors may be obtained. The amount of deposits held as collateral at 31 December 2012 is £0.2 million (2011 £0.5 million).

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

The ageing analysis of these trade receivables is as follows:

	2012 £m	Represented 2011 £m
Up to three months	2.1	4.9
Three to six months	0.2	0.5
Trade receivables	<u>2.3</u>	<u>5.4</u>

At 31 December 2012 trade receivables are shown net of provisions totalling £0.7 million (2011 £0.5 million).

The credit risk relating to cash, deposits and derivative financial instruments is actively managed centrally by Intu Properties plc, the ultimate parent. Relationships are maintained with a number of tier one institutional counterparties, ensuring compliance with Intu Properties plc company policy relating to limits on the credit ratings of counterparties (between BBB+ and AAA).

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

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

20. Financial risk management (continued)

Classification of financial assets and liabilities

The table below sets out the company's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2012 and 31 December 2011. The fair values of quoted borrowings are based on the asking price. The fair values of derivative financial instruments are determined from observable market prices or estimated using appropriate yield curves at 31 December each year by discounting the future contractual cash flows to the net present values.

2012	Carrying value £m	Fair value £m	Gain/(loss) to income statement £m
Trade and other receivables	203.6	203.6	-
Cash and cash equivalents	39.2	39.2	-
Total cash and receivables	<u>242.8</u>	<u>242.8</u>	-
Derivative financial instruments	(69.0)	(69.0)	(1.4)
Total held for trading liabilities	<u>(69.0)</u>	<u>(69.0)</u>	<u>(1.4)</u>
Trade and other payables	(747.7)	(747.7)	-
Total loans and payables	<u>(747.7)</u>	<u>(747.7)</u>	-
	Carrying value £m	Fair value £m	Gain/(loss) to income statement £m
2011 – represented			
Trade and other receivables	209.3	209.3	-
Cash and cash equivalents	31.2	31.2	-
Total cash and receivables	<u>240.5</u>	<u>240.5</u>	-
Derivative financial instruments	(67.4)	(67.4)	(48.7)
Total held for trading liabilities	<u>(67.4)</u>	<u>(67.4)</u>	<u>(48.7)</u>
Trade and other payables	(764.7)	(764.7)	-
Total loans and payables	<u>(764.7)</u>	<u>(764.7)</u>	-

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

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

20. Financial risk management (continued)

Fair value hierarchy

Level 1: valuation based on quoted market prices traded in active markets.

Level 2: valuation techniques are used, maximising the use of observable market data, either directly from market prices or derived from market prices.

Level 3: where one or more inputs to valuation are not based on observable market data. Valuations at this level are more subjective and therefore more closely managed, including sensitivity analysis of inputs to valuation models. Such testing has not indicated that any material difference would arise due to a change in input variables.

21. Conversion to International Financial Reporting Standards

Following the company's adoption of IFRS, the 2011 comparative information in these financial statements has been restated and represented under IFRS. Set out below are reconciliations of the operating profit for the year ended 31 December 2011 from UKGAAP to IFRS and for total equity under UKGAAP at 1 January 2011 and 31 December 2011 to total equity under IFRS. Additionally the balance sheet as at 1 January 2011 is presented under IFRS. More detailed explanations of the key adjustments are set out below these tables.

Reconciliation of profit for the year from UKGAAP to IFRS

	Notes	2011 £m
Profit for the year (UKGAAP)		27.0
Lease incentives	a	0.2
New letting costs	b	0.5
Revaluation of investment property	c	51.7
Derivative financial instruments	d	(48.7)
Deferred tax	e	189.5
Profit for the year (IFRS)		<u>220.2</u>

Reconciliation of total equity from UKGAAP to IFRS

	Notes	31 December 2011 £m	1 January 2011 £m
Total equity (UKGAAP)		913.8	835.1
New letting costs	b	1.3	0.7
Derivative financial instruments	d	(66.1)	(17.5)
Deferred tax	e	-	(189.5)
Total equity (IFRS)		<u>849.0</u>	<u>628.8</u>

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

21. Conversion to International Financial Reporting Standards (continued)

Balance sheet at 1 January 2011 under IFRS

	1 January 2011 £m
Non-current assets	
Investment and development property	1,569.3
Plant and equipment	0.1
Trade and other receivables	10.7
	<hr/> 1,580.1
Current assets	
Trade and other receivables	215.6
Cash and cash equivalents	35.4
	<hr/> 251.0
Total assets	<hr/> 1,831.1
Current liabilities	
Trade and other payables	<hr/> (57.2)
Non-current liabilities	
Trade and other payables	(905.4)
Derivative financial instruments	(17.5)
	<hr/> (922.9)
Provision for liabilities	<hr/> (222.2)
Total liabilities	<hr/> (1,202.3)
Net assets	<hr/> <hr/> 628.8
Equity	
Share capital	22.4
Retained earnings	606.4
	<hr/> 628.8
Total equity	<hr/> <hr/> 628.8

THE TRAFFORD CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

21. Conversion to International Financial Reporting Standards (continued)

Notes:

- a) Lease incentives
Under UKGAAP (UITF Abstract 28 Operating Lease Incentives), the cost of lease incentives given is recognised as a reduction of rental income over the period until the next rent review date. Under IFRS (SIC Interpretation 15 Operating Leases - Incentives) the costs of incentives are recognised as a reduction of rental income over the full length of the lease. The market value of the property is analysed between investment property and lease incentives in the balance sheet so net assets are not impacted by this adjustment. Profits for the year ended 31 December 2011 are credited by £0.2 million.
- b) New letting costs
Under UKGAAP the company policy was to expense costs directly incurred in negotiating and arranging leases. Under IFRS (IAS 17 Leases) it is required to recognise these as an expense over the lease term on the same basis as lease income. As a result profits for the year ended 31 December 2011 are credited by £0.5 million at 31 December 2011 and a balance sheet asset of £1.3 million recognised on conversion.
- c) Revaluation of investment property
The company policy under UKGAAP was to revalue investment property to market value at the balance sheet date. This continues to be the case under IFRS. Under IFRS the revaluation gain or loss is shown through the income statement rather than reserves. No separate revaluation reserve is maintained under IFRS. Due to the presentation of investment property and lease incentives, the impact on the income statement of the lease incentives adjustment set out in note a) is also reflected by an equal and opposite change in the gain or loss on revaluation.
- d) Derivative financial instruments
Under UKGAAP the company does not recognise derivative financial instruments at fair value in the balance sheet instead only accounting for payments through the income statement as they accrue. Under IFRS (IAS39 Financial Instruments: Recognition and Measurement) derivative financial instruments are recognised in the balance sheet at their fair value with fair value gains and losses being recognised in the income statement. As a result the profit for the year ended 31 December 2011 is debited by £48.7 million and total equity at 31 December 2011 decreased by £66.1 million being the net of the fair value of the derivative financial instrument recognised under IFRS and the accrued payment recognised under UKGAAP.
- e) Deferred tax on assets and liabilities held at fair value
Under IAS12, provision is made for the deferred tax liability associated with the revaluation of investment properties, whereas UKGAAP requires that the potential liability on the sale of the properties be disclosed as contingent tax but not provided in the balance sheet. A deferred tax asset is also recognised on the fair value of the company's derivative financial instruments, which under IFRS is provided on the balance sheet. As a result the profit for the year ended 31 December 2011 is credited by £189.5 million.

THE TRAFFORD CENTRE INVESTMENTS LIMITED

**REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Company no. 3822219

THE TRAFFORD CENTRE INVESTMENTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors submit their Strategic Report of The Trafford Centre Investments Limited ("the company") for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the company is the holding of investments.

BUSINESS REVIEW

The directors expect the current level of activity to continue into the foreseeable future.

The company's results and financial position for the year ended 31 December 2013 are set out in the income statement, balance sheet, statement of changes in equity, statement of cash flows and notes to the financial statements.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

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

As the company's ultimate parent company is Intu Properties plc, there are no principal risks and uncertainties facing the company which are not faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

Profit before taxation was £nil (2012 £130,001). Total equity at 31 December 2013 was £80,000,000 (2012 £80,000,000).

By order of the Board



David Fischel
Director
13 February 2014



Matthew Roberts
Director
13 February 2014

THE TRAFFORD CENTRE INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors submit their report together with the audited financial statements of the company for the year ended 31 December 2013. The company is incorporated and registered in England and Wales (company number 3822219). The company's registered office is 40 Broadway, London SW1H 0BU.

DIVIDENDS

No interim dividend was paid in the year (2012 interim dividend of 0.33 pence per share). No final dividend has been declared in respect of the year 31 December 2013 (2012 £nil).

CAPITAL MANAGEMENT

The directors consider capital to be ordinary share capital of £80,000,000. Management of this capital is performed at group level.

DIRECTORS

The directors who held office during the year and until the date of this report are given below:

Michael Butterworth
David Fischel
Matthew Roberts

DIRECTORS' INDEMNITY PROVISION

A qualifying indemnity provision (as defined in S234 of the Companies Act 2006) is in force for the benefit of the directors of the company. The company's ultimate parent, Intu Properties plc, maintains directors' and officers' insurance which is reviewed annually.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE TRAFFORD CENTRE INVESTMENTS LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Under the provisions of the Companies Act 2006, the company is not required to hold an annual general meeting. Elective Resolutions are in force to dispense with the appointment of auditors annually. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to be reappointed for each succeeding financial year.

By order of the Board



David Fischel
Director
13 February 2014

THE TRAFFORD CENTRE INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAFFORD CENTRE INVESTMENTS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say below.

WHAT WE HAVE AUDITED

The financial statements for the year ended 31 December 2013, which are prepared by The Trafford Centre Investments Limited, comprise the:

- Income Statement;
- Balance Sheet;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- related notes.

The financial reporting framework that has been applied in their preparation comprises applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAFFORD CENTRE INVESTMENTS LIMITED

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' Remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 February 2014

THE TRAFFORD CENTRE INVESTMENTS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Income from shares in group undertakings		<u>-</u>	<u>130,001</u>
Profit before tax	2	-	130,001
Taxation	3	<u>-</u>	<u>-</u>
Profit for the year		<u>-</u>	<u>130,001</u>

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

THE TRAFFORD CENTRE INVESTMENTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 £	2012 £
Non-current assets			
Investments	5	<u>80,000,000</u>	<u>80,000,000</u>
		80,000,000	80,000,000
Total assets		<u>80,000,000</u>	<u>80,000,000</u>
Net assets		<u>80,000,000</u>	<u>80,000,000</u>
Equity			
Share capital	6	80,000,000	80,000,000
Retained earnings		<u>-</u>	<u>-</u>
Total equity		<u>80,000,000</u>	<u>80,000,000</u>

The notes on pages 10 to 14 form part of these financial statements.

The financial statements on pages 6 to 14 have been approved by the Board of Directors on 13 February 2014 and signed on its behalf by:



David Fischel
Director



Matthew Roberts
Director

THE TRAFFORD CENTRE INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital £	Retained earnings £	Total equity £
At 1 January 2012	<u>80,000,000</u>	<u>130,025</u>	<u>80,130,025</u>
Profit for the year	<u>-</u>	<u>130,001</u>	<u>130,001</u>
Total comprehensive income for the year	<u>-</u>	<u>130,001</u>	<u>130,001</u>
Dividend paid	<u>-</u>	<u>(260,026)</u>	<u>(260,026)</u>
At 31 December 2012	<u>80,000,000</u>	<u>-</u>	<u>80,000,000</u>
At 1 January 2013	<u>80,000,000</u>	<u>-</u>	<u>80,000,000</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2013	<u>80,000,000</u>	<u>-</u>	<u>80,000,000</u>

THE TRAFFORD CENTRE INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Cash generated from operations	9	-	-
Cash flows from operating activities		-	-
Dividends from investment		-	130,001
Cash flows from investing activities		-	130,001
Equity dividends paid		-	(260,026)
Cash flows from financing activities		-	(260,026)
Net decrease in cash and cash equivalents		-	(130,025)
Cash and cash equivalents at 1 January		-	130,025
Cash and cash equivalents at 31 December		-	-

THE TRAFFORD CENTRE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention. A summary of the accounting policies is set out below.

The company takes advantage of the exemption available under IAS 27 not to prepare consolidated financial statements. The financial statements of The Trafford Centre Investments Limited and its subsidiary undertakings are included in the consolidated financial statements of the ultimate parent company, Intu Properties plc.

In assessing whether the going concern basis of preparation is appropriate to adopt, the directors considered a number of factors including financial projections of the company and the level of financial support that may be made available to the company by its ultimate parent, Intu Properties plc. Based on this review the directors have concluded that there is a reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

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

The accounting policies used are consistent with those applied in the last annual financial statements, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year. During 2013, the following relevant standards, amendments and interpretations endorsed by the EU became effective for the first time for the company's 31 December 2013 year end:

- IFRS 7 Financial Instruments: Disclosures (amendment);
- IFRS 13 Fair Value Measurement;
- IAS 1 Presentation of Financial Statements (amendment);
- IAS 12 Income Taxes (amendment); and
- IAS 19 Employee Benefits (revised).

These have resulted in changes to presentation or disclosure only.

The following relevant standards have been issued and adopted by the EU but are not effective until 1 January 2014 and have not been adopted early:

- IFRS 10 Consolidated Financial;
- IFRS 11 Joint Arrangements;
- IFRS 12 Disclosure of Interests in Other Entities;
- IAS 27 Separate Financial Statements (revised);
- IAS 28 Investments in Associates and Joint Ventures (revised);
- IAS 32 Financial Instruments: Presentation (amendment);
- IAS 36 Impairment of Assets (amendment); and

THE TRAFFORD CENTRE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies (continued)

- Amendments to IFRS 10, IFRS 11 and IFRS 12 (transition guidance).

Other pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentation or disclosure.

Additionally a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. The most significant of these is IFRS 9 Financial Instruments (and related amendments to other IFRSs) and the impact on the company is being reviewed.

Taxation

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Impairment of assets

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

Current/non-current classification

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

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

THE TRAFFORD CENTRE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. Profit before tax

The profit for the year did not include any fees in respect of auditors' remuneration or directors' remuneration (2012 £nil). The directors' remuneration for services to the company has been borne by other entities that are part of the Intu Properties plc group. No deduction is made for auditors' remuneration of £1,200 (2012 £1,200) which was settled on behalf of the company by the ultimate parent company.

There were no employees during the year (2012 nil).

3. Taxation

The total tax expense of £nil (2012 £nil) is all in respect of current taxation. The tax expense for the year is equal to (2012 lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2013 £	2012 £
Profit before tax	-	130,001
Reconciliation of tax charge:		
Profit on ordinary activities before taxation at 23.25% (2012 24.5%)	-	31,850
Non-taxable intra-group dividends	-	(31,850)
	-	-

4. Dividends on equity share capital

	2013 £	2012 £
Interim dividend of 0.33 pence per ordinary share	-	260,026

5. Investments

	Subsidiary undertakings £
Cost	
At 1 January 2012, 31 December 2012 and 31 December 2013	80,000,000

Details of investments of the company in its principal subsidiary undertakings are given in note 8.

THE TRAFFORD CENTRE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

6. Share capital

	2013 £	2012 £
Issued, allotted and fully paid equity share capital		
80,000,000 (2012 80,000,000) ordinary shares of £1 each	<u>80,000,000</u>	<u>80,000,000</u>

7. Ultimate parent company

The ultimate parent company is Intu Properties plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Intu Trafford Centre Group (UK) Limited, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

8. Subsidiary undertakings

The principal subsidiary undertakings as at 31 December 2013 were as follows:

Company	Class of Share	Number held	% held	Principal activities
The Trafford Centre Holdings Limited	£1 ordinary	80,000,000	100	Holding company
The Trafford Centre Limited ¹	£1 ordinary £1 'B' preference	22,353,167 120,200,000	100 100	Operator of intu Trafford Centre
The Trafford Centre Finance Limited ¹ (Cayman Islands)	£1 ordinary	2	100	Finance vehicle for The Trafford Centre Limited

¹ Shareholdings in these companies are held by intermediate subsidiary undertakings.

Companies are incorporated and registered in England and Wales unless otherwise stated.

9. Cash generated from operations

	2013 £	2012 £
Profit before tax	-	130,001
Remove: Income from shares in group undertakings	<u>-</u>	<u>(130,001)</u>
Cash generated from operations	<u>-</u>	<u>-</u>

THE TRAFFORD CENTRE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. Related party transactions

During the year the company entered into the following significant transactions with other group companies:

		2013 £	2012 £
Intu Trafford Centre Group (UK) Limited	Dividend paid	-	260,026
The Trafford Centre Holdings Limited	Dividend received	-	130,001

11. Financial risk management

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

Liquidity risk

Liquidity risk is managed to ensure that the company is able to meet future payment obligations when financial liabilities fall due. The company has no financial liabilities.

Classification of financial assets and liabilities

The company has no financial assets or liabilities at 31 December 2013 and 31 December 2012.

THE TRAFFORD CENTRE INVESTMENTS LIMITED

**REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

Company no. 3822219

THE TRAFFORD CENTRE INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors submit their report together with the audited financial statements of The Trafford Centre Investments Limited ("the company") for the year ended 31 December 2012. The company is incorporated and registered in England and Wales. The company's registered office is 40 Broadway, London SW1H 0BU.

PRINCIPAL ACTIVITIES

The principal activity of the company is the holding of investments.

BUSINESS REVIEW

The directors expect the current level of activity to continue into the foreseeable future.

The company's results and financial position for the year ended 31 December 2012 are set out in the income statement, balance sheet, statement of changes in equity, statement of cash flows and notes to the financial statements.

The company's ultimate parent company changed its name from Capital Shopping Centres Group PLC to Intu Properties plc on 15 February 2013.

The prior year financial statements were prepared under United Kingdom Generally Accepted Accounting Principles. The comparative information presented in these financial statements has been restated and represented under IFRS.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The directors expect that the present level of activity will continue for the foreseeable future. As the company's ultimate parent company is Intu Properties plc, there are no principal risks and uncertainties facing the company which are not faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

Profit before taxation was £130,001 (2011 £130,200). Total equity at 31 December 2012 was £80,000,000 (2011 £80,130,025).

DIVIDENDS

An interim dividend of 0.33 pence per share was paid in the year (2011 0.15 pence).

No final dividend has been declared in respect of the year 31 December 2012 (2011 £nil).

CAPITAL MANAGEMENT

The directors consider capital to be ordinary share capital of £80,000,000. Management of this capital is performed at group level.

DIRECTORS

The directors who held office during the year and until the date of this report are given below:

Michael Butterworth
David Fischel
Matthew Roberts

DIRECTORS' INDEMNITY PROVISION

A qualifying indemnity provision (as defined in S234 of the Companies Act 2006) is in force for the benefit of the directors of the company. The company's ultimate parent, Intu Properties plc, maintains directors' and officers' insurance which is reviewed annually.

THE TRAFFORD CENTRE INVESTMENTS LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

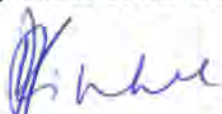
DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Under the provisions of the Companies Act 2006, the company is not required to hold an annual general meeting. Elective Resolutions are in force to dispense with the appointment of auditors annually. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to be reappointed for each succeeding financial year.

By order of the Board



David Fischel
Director
6 August 2013

THE TRAFFORD CENTRE INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAFFORD CENTRE INVESTMENTS LIMITED

We have audited the financial statements of The Trafford Centre Investments Limited (registered company no. 3822219) for the year ended 31 December 2012 which comprise the income statement, balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

THE TRAFFORD CENTRE INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THR TRAFFORD CENTRE INVESTMENTS LIMITED

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.



Thomas Norrie (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 August 2013

THE TRAFFORD CENTRE INVESTMENTS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	Represented 2011 £
Income from shares in group undertakings		<u>130,001</u>	<u>130,200</u>
Profit before tax	2	130,001	130,200
Taxation	3	<u>-</u>	<u>-</u>
Profit for the year		<u>130,001</u>	<u>130,200</u>

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

THE TRAFFORD CENTRE INVESTMENTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

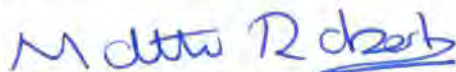
	Notes	2012 £	Represented 2011 £
Non-current assets			
Investments	5	<u>80,000,000</u>	<u>80,000,000</u>
		80,000,000	80,000,000
Current assets			
Cash and cash equivalents		<u>-</u>	<u>130,025</u>
		-	130,025
Total assets		<u>80,000,000</u>	<u>80,130,025</u>
Net assets		<u>80,000,000</u>	<u>80,130,025</u>
Equity			
Share capital	6	<u>80,000,000</u>	<u>80,000,000</u>
Retained earnings		<u>-</u>	<u>130,025</u>
Total equity		<u>80,000,000</u>	<u>80,130,025</u>

The notes on pages 9 to 15 form part of these financial statements.

The financial statements on pages 5 to 15 have been approved by the Board of Directors on 6 August 2013 and signed on its behalf by:



David Fischel
Director



Matthew Roberts
Director

THE TRAFFORD CENTRE INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £	Retained earnings £	Total equity £
At 1 January 2011 (represented)	<u>80,000,000</u>	<u>120,025</u>	<u>80,120,025</u>
Profit for the year (represented)	<u>-</u>	<u>130,200</u>	<u>130,200</u>
Total comprehensive income for the year (represented)	<u>-</u>	<u>130,200</u>	<u>130,200</u>
Dividend paid	<u>-</u>	<u>(120,200)</u>	<u>(120,200)</u>
At 31 December 2011 (represented)	<u>80,000,000</u>	<u>130,025</u>	<u>80,130,025</u>
At 1 January 2012	<u>80,000,000</u>	<u>130,025</u>	<u>80,130,025</u>
Profit for the year	<u>-</u>	<u>130,001</u>	<u>130,001</u>
Total comprehensive income for the year	<u>-</u>	<u>130,001</u>	<u>130,001</u>
Dividend paid	<u>-</u>	<u>(260,026)</u>	<u>(260,026)</u>
At 31 December 2012	<u>80,000,000</u>	<u>-</u>	<u>80,000,000</u>

THE TRAFFORD CENTRE INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	Represented 2011 £
Cash generated from operations	9	-	-
Interest received		-	-
Cash flows from operating activities		-	-
Dividends from investment		130,001	130,200
Cash flows from investing activities		130,001	130,200
Equity dividends paid		(260,026)	(120,200)
Cash flows from financing activities		(260,026)	(120,200)
Net (decrease) / increase in cash and cash equivalents		(130,025)	10,000
Cash and cash equivalents at 1 January		130,025	120,025
Cash and cash equivalents at 31 December		-	130,025

THE TRAFFORD CENTRE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These are the company's first financial statements to be prepared under IFRS and IFRS 1 (First-time adoption of International Financial Reporting Standards) has been applied.

The prior year financial statements were prepared under United Kingdom Generally Accepted Accounting Principles. The comparative information presented in these financial statements has been restated and represented under IFRS. This has resulted in presentational changes only and the profit for the year ended 31 December 2011 and total equity as at 1 January 2011 and 31 December 2011 are unaffected.

The financial statements have been prepared under the historical cost convention. A summary of the accounting policies is set out below.

The company takes advantage of the exemption available under IAS 27 not to prepare consolidated financial statements. The financial statements of The Trafford Centre Investments Limited and its subsidiary undertakings are including in the consolidated financial statements of the ultimate parent company, Intu Properties plc.

In assessing whether the going concern basis of preparation is appropriate to adopt, the directors considered a number of factors including financial projections of the company and the level of financial support that may be made available to the company by its ultimate parent, Intu Properties plc. Based on this review the directors have concluded that there is a reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

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

The accounting policies used are consistent with those applied in the last annual financial statements, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year. During 2012, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the company's 31 December 2012 year end:

- IFRS 7 Financial Instruments: Disclosures (amendment – disclosures on transfers of financial assets)

This amendment had no impact on the financial statements.

THE TRAFFORD CENTRE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

The following standards have been issued and adopted by the EU but are not effective for the year ended 31 December 2012 and have not been adopted early:

- IFRS 7 Financial Instruments; Disclosures (amendment – offsetting requirements and converged disclosure) (effective from 1 January 2013);
- IFRS 10 Consolidated Financial Statements (effective from 1 January 2014);
- IFRS 11 Joint Arrangements (effective from 1 January 2014);
- IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2014);
- IFRS 13 Fair Value Measurement (effective from 1 January 2013);
- IAS 1 Presentation of Financial Statements (amendment) (effective from 1 July 2013);
- IAS 12 Income Taxes (amendment) (effective from 1 January 2013);
- IAS 19 Employee Benefits (revised) (effective from 1 January 2013);
- IAS 27 Separate Financial Statements (revised) (effective from 1 January 2014);
- IAS 28 Investments in Associates and Joint Ventures (revised) (effective from 1 January 2014); and
- IAS 32 Financial Instruments: Presentation (amendment) (effective from 1 January 2014).

These pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentations or disclosure.

Additionally a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. The most significant of these are:

- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements (amendment);
- IFRS 12 Disclosure of Interests in Other Entities (amendment);
- IAS 27 Separate Financial Statements (amendment);
- IAS 32 Financial Instruments: Presentation (amendment);
- Amendments to (transition guidance) IFRS 10, IFRS 11 and IFRS 12; and
- Amendments arising from annual improvements 2009-2011 cycle.

These pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentations or disclosure.

Taxation

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Impairment of assets

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

Cash and cash equivalents

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

THE TRAFFORD CENTRE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

Current/non-current classification

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

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

THE TRAFFORD CENTRE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2. Profit before tax

The profit for the year did not include any fees in respect of auditors' remuneration or directors' remuneration (2011 £nil). The directors' remuneration for services to the company has been borne by other entities that are part of the Intu Properties plc group. No deduction is made for auditors' remuneration of £1,200 (2011 £1,200) which was settled on behalf of the company by the ultimate parent company.

There were no employees during the year (2011 nil).

3. Taxation

The total tax expense of £nil (2011 £nil) is all in respect of current taxation. The tax expense for the year is lower (2011 lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2012 £	Represented 2011 £
Profit before tax	<u>130,001</u>	<u>130,200</u>
Reconciliation of tax charge:		
Profit on ordinary activities before taxation at 24.5% (2011 26.5%)	31,850	34,503
Non-taxable intra-group dividends	<u>(31,850)</u>	<u>(34,503)</u>
	<u>-</u>	<u>-</u>

4. Dividends on equity share capital

	2012 £	2011 £
Interim dividend of 0.33 pence per ordinary share (2011 0.15 pence per ordinary share)	260,026	120,200
Final dividend of £nil per ordinary share (2011 £nil)	<u>-</u>	<u>-</u>
	<u>260,026</u>	<u>120,200</u>

THE TRAFFORD CENTRE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

5. Investments

	Subsidiary undertakings £
Cost	
At 1 January 2012 and 31 December 2012	<u>80,000,000</u>

Details of investments of the company in its principal subsidiary undertakings are given in note 8.

6. Share capital

	2012 £	2011 £
Issued, allotted and fully paid equity share capital		
80,000,000 ordinary shares of £1 each	<u>80,000,000</u>	<u>80,000,000</u>

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009. Under savings provisions, the current maximum number of shares which may be issued by the company is 80,000,000 ordinary shares of £1 each.

7. Ultimate parent company

The ultimate parent company is Intu Properties plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is The Trafford Centre Group (UK) Limited, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

THE TRAFFORD CENTRE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

8. Subsidiary undertakings

The principal subsidiary undertakings as at 31 December 2012 were as follows:

Company	Class of Share	Number held	% held	Principal activities
The Trafford Centre Holdings Limited	£1 ordinary	80,000,000	100	Holding company
The Trafford Centre Limited ¹	£1 ordinary £1 'B' preference	22,353,167 120,200,000	100 100	Operator of Intu Trafford Centre
Barton Square Limited ¹	£1 ordinary	2	100	Operator of Barton Square
The Trafford Centre Finance Limited ¹ (Cayman Islands)	£1 ordinary	2	100	Issue vehicle for The Trafford Centre Limited

¹ Shareholdings in these companies are held by intermediate subsidiary undertakings.

Companies are incorporated and registered in England and Wales unless otherwise stated.

9. Cash generated from operations

	2012 £	2011 £
Profit before tax	130,001	130,200
Remove: Income from shares in group undertakings	<u>(130,001)</u>	<u>(130,200)</u>
Cash generated from operations	<u>-</u>	<u>-</u>

10. Related party transactions

During the year the company entered into the following significant transactions with other group companies:

	Nature of transaction	2012 £	2011 £
Intu Trafford Centre Group (UK) Limited	Dividend paid	260,026	120,200
The Trafford Centre Holdings Limited	Dividend received	130,001	130,200

THE TRAFFORD CENTRE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11. Financial risk management

The majority of the company's financial risk management is carried out by the group treasury department and the policies for managing each of these risks and the principal effects of these policies on the results for the year are summarised below.

Liquidity risk

Liquidity risk is managed to ensure that the company is able to meet future payment obligations when financial liabilities fall due. The company has no financial liabilities.

Classification of financial assets and liabilities

The table below sets out the company's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2012 and 31 December 2011.

	Carrying value £	2012 Fair value £
Cash and cash equivalents	-	-
Total cash and receivables	-	-
	Carrying value £	2011 Fair value £
Cash and cash equivalents	130,025	130,025
Total cash and receivables	130,025	130,025

There were no gains or losses arising on financial assets or liabilities recognised in either the income statement or directly in equity (2011 nil).

THE TRAFFORD CENTRE HOLDINGS LIMITED

**REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Company no. 3796924

THE TRAFFORD CENTRE HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors submit their Strategic Report of The Trafford Centre Holdings Limited ("the company") for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the company is the holding of investments.

BUSINESS REVIEW

The company's results and financial position for the year ended 31 December 2013 are set out in the income statement, balance sheet, statement of changes in equity, statement of cash flows and notes to the financial statements.


Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

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

As the company's ultimate parent company is Intu Properties plc, there are no principal risks and uncertainties facing the company which are not faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

Profit before taxation was £120,200 (2012 £120,200). Total equity at 31 December 2013 was £80,240,400 (2012 £80,120,200).

By order of the Board



David Fischel
Director
13 February 2014



Matthew Roberts
Director
13 February 2014

THE TRAFFORD CENTRE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors submit their report together with the audited financial statements of the company for the year ended 31 December 2013. The company is incorporated and registered in England and Wales (company number 3796924). The company's registered office is 40 Broadway, London SW1H 0BU.

DIVIDENDS

No interim dividend was paid in the year (2012 interim dividend of 0.16 pence per share).
No final dividend has been declared in respect of the year 31 December 2013 (2012 £nil).

CAPITAL MANAGEMENT

The directors consider capital to be ordinary share capital of £80,000,000. Management of this capital is performed at group level.

DIRECTORS

The directors who held office during the year and until the date of this report are given below:

Michael Butterworth
David Fischel
Matthew Roberts

DIRECTORS' INDEMNITY PROVISION

A qualifying indemnity provision (as defined in S234 of the Companies Act 2006) is in force for the benefit of the directors of the company. The company's ultimate parent, Intu Properties plc, maintains directors' and officers' insurance which is reviewed annually.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE TRAFFORD CENTRE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Under the provisions of the Companies Act 2006, the company is not required to hold an annual general meeting. Elective Resolutions are in force to dispense with the appointment of auditors annually. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to be reappointed for each succeeding financial year.

By order of the Board



David Fischel
Director
13 February 2014

THE TRAFFORD CENTRE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAFFORD CENTRE HOLDINGS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say below.

WHAT WE HAVE AUDITED

The financial statements for the year ended 31 December 2013, which are prepared by The Trafford Centre Holdings Limited, comprise the:

- Income Statement;
- Balance Sheet;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- related notes.

The financial reporting framework that has been applied in their preparation comprises applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAFFORD CENTRE INVESTMENTS LIMITED

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' Remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 February 2014

THE TRAFFORD CENTRE HOLDINGS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Finance income	3	<u>120,200</u>	<u>120,200</u>
Profit before tax	2	120,200	120,200
Taxation	4	<u>-</u>	<u>-</u>
Profit for the year		<u>120,200</u>	<u>120,200</u>

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

THE TRAFFORD CENTRE HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 £	2012 £
Non-current assets			
Investments	6	<u>80,000,002</u>	<u>80,000,004</u>
		80,000,002	80,000,004
Current assets			
Trade and other receivables	7	<u>240,402</u>	<u>120,200</u>
		240,402	120,200
Total assets		<u>80,240,404</u>	<u>80,120,204</u>
Current liabilities			
Trade and other payables	8	<u>(4)</u>	<u>(4)</u>
		(4)	(4)
Total liabilities		<u>(4)</u>	<u>(4)</u>
Net assets		<u>80,240,400</u>	<u>80,120,200</u>
Equity			
Share capital	9	80,000,000	80,000,000
Retained earnings		<u>240,400</u>	<u>120,200</u>
Total equity		<u>80,240,400</u>	<u>80,120,200</u>

The notes on pages 10 to 16 form part of these financial statements.

The financial statements on pages 6 to 16 have been approved by the Board of Directors on 13 February 2014 and signed on its behalf by:



David Fischel
Director



Matthew Roberts
Director

THE TRAFFORD CENTRE HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital £	Retained earnings £	Total equity £
At 1 January 2012	80,000,000	130,001	80,130,001
Profit for the year	-	120,200	120,200
Total comprehensive income for the year	-	120,200	120,200
Dividend paid	-	(130,001)	(130,001)
At 31 December 2012	80,000,000	120,200	80,120,200
At 1 January 2013	80,000,000	120,200	80,120,200
Profit for the year	-	120,200	120,200
Total comprehensive income for the year	-	120,200	120,200
At 31 December 2013	80,000,000	240,400	80,240,400

THE TRAFFORD CENTRE HOLDINGS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Cash generated from operations	12	-	-
Cash flows from operating activities		-	-
Cash flows from investing activities		-	-
Equity dividends paid		-	(130,001)
Cash flows from financing activities		-	(130,001)
Net decrease in cash and cash equivalents		-	(130,001)
Cash and cash equivalents at 1 January		-	130,001
Cash and cash equivalents at 31 December		-	-

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention. A summary of the accounting policies is set out below.

The company takes advantage of the exemption available under IAS 27 not to prepare consolidated financial statements. The financial statements of The Trafford Centre Holdings Limited and its subsidiary undertakings are included in the consolidated financial statements of the ultimate parent company, Intu Properties plc.

In assessing whether the going concern basis of preparation is appropriate to adopt, the directors considered a number of factors including financial projections of the company and the level of financial support that may be made available to the company by its ultimate parent, Intu Properties plc. Based on this review the directors have concluded that there is a reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

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

The accounting policies used are consistent with those applied in the last annual financial statements, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year. During 2013, the following relevant standards, amendments and interpretations endorsed by the EU became effective for the first time for the company's 31 December 2013 year end:

- IFRS 7 Financial Instruments: Disclosures (amendment);
- IFRS 13 Fair Value Measurement;
- IAS 1 Presentation of Financial Statements (amendment);
- IAS 12 Income Taxes (amendment); and
- IAS 19 Employee Benefits (revised).

These have resulted in changes to presentation or disclosure only.

The following relevant standards have been issued and adopted by the EU but are not effective until 1 January 2014 and have not been adopted early:

- IFRS 10 Consolidated Financial;
- IFRS 11 Joint Arrangements;
- IFRS 12 Disclosure of Interests in Other Entities;
- IAS 27 Separate Financial Statements (revised);
- IAS 28 Investments in Associates and Joint Ventures (revised);
- IAS 32 Financial Instruments: Presentation (amendment);
- IAS 36 Impairment of Assets (amendment); and

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies (continued)

- Amendments to IFRS 10, IFRS 11 and IFRS 12 (transition guidance).

Other pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentation or disclosure.

Additionally a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. The most significant of these is IFRS 9 Financial Instruments (and related amendments to other IFRSs) and the impact on the company is being reviewed.

Taxation

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Impairment of assets

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

Current/non-current classification

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

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

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. Profit before tax

The profit before tax did not include any fees in respect of auditors' remuneration or directors' remuneration (2012 £nil). The directors' remuneration for services to the company has been borne by other entities that are part of the Intu Properties plc group. No deduction is made for auditors' remuneration of £1,200 (2012 £1,200) which was settled on behalf of the company by the ultimate parent company.

There were no employees during the year (2012 nil).

3. Finance income

	2013 £	2012 £
Dividend receivable on 'B' preference shares held in The Trafford Centre Limited	<u>120,200</u>	<u>120,200</u>

The company recognises finance income on non-discretionary dividends receivable on irredeemable 'B' preference shares held in The Trafford Centre Limited.

4. Taxation

The total tax expense of £nil (2012 £nil) is all in respect of current taxation. The tax expense for the year is lower (2012 lower) than the standard rate of corporation tax in the UK of 23.25% (2012 24.5%). The differences are explained below:

	2013 £	2012 £
Profit before tax	<u>120,200</u>	<u>120,200</u>
Reconciliation of tax charge:		
Profit on ordinary activities before taxation at 23.25% (2012 24.5%)	27,947	29,449
Non-taxable intra-group dividends	<u>(27,947)</u>	<u>(29,449)</u>
	<u>-</u>	<u>-</u>

5. Dividends payable on equity share capital

	2013 £	2012 £
Interim dividend of nil (2012 0.16 pence) per ordinary share	<u>-</u>	<u>130,001</u>

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

6. Investments

	Subsidiary undertakings £
Cost	
At 1 January 2013	80,000,004
Disposal	<u>(2)</u>
At 31 December 2013	<u>80,000,002</u>

During the year the company disposed of its holding of 100% of the share capital of Barton Square Limited to Intu Trafford Centre Group (UK) Limited, a fellow group company.

Details of investments of the company in its principal subsidiary undertakings are given in note 11.

7. Trade and other receivables

	2013 £	2012 £
Amounts owed by group undertakings	<u>240,402</u>	<u>120,200</u>

8. Trade and other payables

	2013 £	2012 £
Amounts owed to group undertakings	<u>4</u>	<u>4</u>

Amounts due to group undertakings are unsecured and repayable on demand. No interest is charged on these amounts.

9. Share capital

	2013 £	2012 £
Issued, allotted and fully paid equity share capital		
80,000,000 (2012 80,000,000) ordinary shares of £1 each	<u>80,000,000</u>	<u>80,000,000</u>

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. Ultimate parent company

The ultimate parent company is Intu Properties plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is The Trafford Centre Investments Limited, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

11. Subsidiary undertakings

The principal subsidiary undertakings as at 31 December 2013 were as follows:

Company	Class of Share	Number held	% held	Principal activities
The Trafford Centre Limited	£1 ordinary £1 'B' preference	22,353,167 120,200,000	100 100	Operator of intu Trafford Centre
The Trafford Centre Finance Limited (Cayman Islands)	£1 ordinary	2	100	Finance vehicle for The Trafford Centre Limited

Companies are incorporated and registered in England and Wales unless otherwise stated.

12. Cash generated from operations

	2013 £	2012 £
Profit before tax	120,200	120,200
Remove: Finance income	<u>(120,200)</u>	<u>(120,200)</u>
Cash generated from operations	<u>-</u>	<u>-</u>

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

13. Related party transactions

During the year the company entered into the following significant transactions with other group companies:

	Nature of transaction	2013 £	2012 £
The Trafford Centre Investments Limited	Dividend paid	-	130,001
The Trafford Centre Limited	Preference share interest received	120,200	120,200
Intu Trafford Centre Group (UK) Limited	Transfer of Barton Square Limited	2	-

Significant balances outstanding between the company and other group companies are shown below:

	Amounts owed by		Amounts owed to	
	2013 £	2012 £	2013 £	2012 £
The Trafford Centre Finance Limited	-	-	2	2
Barton Square Limited	-	-	2	2
The Trafford Centre Limited	240,400	120,200	-	-
Intu Trafford Centre Group (UK) Limited	2	-	-	-

14. Financial risk management

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

Liquidity risk

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

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

14. Financial risk management (continued)

The tables below set out the maturity analysis of the company's financial liabilities based on the undiscounted contractual obligations to make payments of interest and to repay principal.

	Within 1 year £	Total 2013 £
Amounts due to group undertakings	(4)	(4)
	Within 1 year £	Total 2012 £
Amounts due to group undertakings	(4)	(4)

Classification of financial assets and liabilities

The table below sets out the company's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2013 and 31 December 2012.

	Carrying value £	2013 Fair value £
Trade and other receivables	240,402	240,402
Total cash and receivables	240,402	240,402
Trade and other payables	(4)	(4)
Total loans and payables	(4)	(4)
	Carrying value £	2012 Fair value £
Trade and other receivables	120,200	120,200
Total cash and receivables	120,200	120,200
Trade and other payables	(4)	(4)
Total loans and payables	(4)	(4)

There were no gains or losses arising on financial assets or liabilities recognised in either the income statement or directly in equity (2012 nil).

THE TRAFFORD CENTRE HOLDINGS LIMITED

**REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

Company no. 3796924

THE TRAFFORD CENTRE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors submit their report together with the audited financial statements of The Trafford Centre Holdings Limited ("the company") for the year ended 31 December 2012. The company is incorporated and registered in England and Wales. The company's registered office is 40 Broadway, London SW1H 0BU.

PRINCIPAL ACTIVITIES

The principal activity of the company is the holding of investments.

BUSINESS REVIEW

The directors expect the current level of activity to continue into the foreseeable future.

The company's results and financial position for the year ended 31 December 2012 are set out in the income statement, balance sheet, statement of changes in equity, statement of cash flows and notes to the financial statements.

The company's ultimate parent company changed its name from Capital Shopping Centres Group PLC to Intu Properties plc on 15 February 2013.

The prior year financial statements were prepared under United Kingdom Generally Accepted Accounting Principles. The comparative information presented in these financial statements has been restated and represented under IFRS.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The directors expect that the present level of activity will continue for the foreseeable future. As the company's ultimate parent company is Intu Properties plc, there are no principal risks and uncertainties facing the company which are not faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

Profit before taxation was £120,200 (2011 £140,200). Total equity at 31 December 2012 was £80,120,200 (2011 £80,130,001).

DIVIDENDS

An interim dividend of 0.16 pence per share was paid in the year (2011 0.16 pence).

No final dividend has been declared in respect of the year 31 December 2012 (2011 £nil).

CAPITAL MANAGEMENT

The directors consider capital to be ordinary share capital of £80,000,000. Management of this capital is performed at group level.

DIRECTORS

The directors who held office during the year and until the date of this report are given below:

Michael Butterworth
David Fischel
Matthew Roberts

DIRECTORS' INDEMNITY PROVISION

A qualifying indemnity provision (as defined in S234 of the Companies Act 2006) is in force for the benefit of the directors of the company. The company's ultimate parent, Intu Properties plc, maintains directors' and officers' insurance which is reviewed annually.

THE TRAFFORD CENTRE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Under the provisions of the Companies Act 2006, the company is not required to hold an annual general meeting. Elective Resolutions are in force to dispense with the appointment of auditors annually. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to be reappointed for each succeeding financial year.

By order of the Board



David Fischel
Director
6 August 2013

THE TRAFFORD CENTRE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAFFORD CENTRE HOLDINGS LIMITED

We have audited the financial statements of The Trafford Centre Holdings Limited (registered company no. 3796924) for the year ended 31 December 2012 which comprise the income statement, balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

THE TRAFFORD CENTRE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAFFORD CENTRE HOLDINGS LIMITED

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.



Thomas Norrie (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 August 2013

THE TRAFFORD CENTRE HOLDINGS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	Represented 2011 £
Income from shares in group undertakings		-	20,000
Finance income	4	<u>120,200</u>	<u>120,200</u>
Profit before tax	2	120,200	140,200
Taxation	3	<u>-</u>	<u>-</u>
Profit for the year		<u>120,200</u>	<u>140,200</u>

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

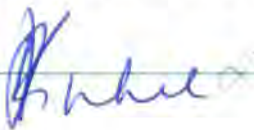
THE TRAFFORD CENTRE HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

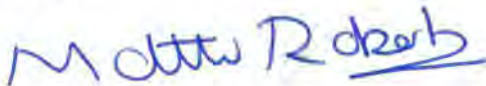
	Notes	2012 £	Represented 2011 £
Non-current assets			
Investments	6	80,000,004	80,000,004
		<u>80,000,004</u>	<u>80,000,004</u>
Current assets			
Trade and other receivables	7	120,200	-
Cash and cash equivalents		-	130,001
		<u>120,200</u>	<u>130,001</u>
Total assets		<u>80,120,204</u>	<u>80,130,005</u>
Current liabilities			
Trade and other payables	8	(4)	(4)
		<u>(4)</u>	<u>(4)</u>
Total liabilities		<u>(4)</u>	<u>(4)</u>
Net assets		<u>80,120,200</u>	<u>80,130,001</u>
Equity			
Share capital	9	80,000,000	80,000,000
Retained earnings		120,000	130,001
		<u>120,000</u>	<u>130,001</u>
Total equity		<u>80,120,200</u>	<u>80,130,001</u>

The notes on pages 9 to 16 form part of these financial statements.

The financial statements on pages 5 to 16 have been approved by the Board of Directors on 6 August 2013 and signed on its behalf by:



David Fischel
Director



Matthew Roberts
Director

THE TRAFFORD CENTRE HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £	Retained earnings £	Total equity £
At 1 January 2011 (represented)	<u>80,000,000</u>	<u>120,001</u>	<u>80,120,001</u>
Profit for the year (represented)	<u>-</u>	<u>140,200</u>	<u>140,200</u>
Total comprehensive income for the year (represented)	<u>-</u>	<u>140,200</u>	<u>140,200</u>
Dividend paid	<u>-</u>	<u>(130,200)</u>	<u>(130,200)</u>
At 31 December 2011 (represented)	<u>80,000,000</u>	<u>130,001</u>	<u>80,130,001</u>
At 1 January 2012	<u>80,000,000</u>	<u>130,001</u>	<u>80,130,001</u>
Profit for the year	<u>-</u>	<u>120,200</u>	<u>120,200</u>
Total comprehensive income for the year	<u>-</u>	<u>120,200</u>	<u>120,200</u>
Dividend paid	<u>-</u>	<u>(130,001)</u>	<u>(130,001)</u>
At 31 December 2012	<u>80,000,000</u>	<u>120,200</u>	<u>80,120,200</u>

THE TRAFFORD CENTRE HOLDINGS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	Represented 2011 £
Cash generated from operations	12	<u>-</u>	<u>-</u>
Interest received		-	120,200
Cash flows from operating activities		<u>-</u>	<u>120,200</u>
Dividends from investment		-	20,000
Cash flows from investing activities		<u>-</u>	<u>20,000</u>
Equity dividends paid		(130,001)	(130,200)
Cash flows from financing activities		<u>(130,001)</u>	<u>(130,200)</u>
Net (decrease)/increase in cash and cash equivalents		(130,001)	10,000
Cash and cash equivalents at 1 January		<u>130,001</u>	<u>120,001</u>
Cash and cash equivalents at 31 December		<u>-</u>	<u>130,001</u>

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These are the company's first financial statements to be prepared under IFRS and IFRS 1 (First-time adoption of International Financial Reporting Standards) has been applied.

The prior year financial statements were prepared under United Kingdom Generally Accepted Accounting Principles. The comparative information presented in these financial statements has been restated and represented under IFRS. This has resulted in presentational changes only and the profit for the year ended 31 December 2011 and total equity as at 1 January 2011 and 31 December 2011 are unaffected.

The financial statements have been prepared under the historical cost convention. A summary of the accounting policies is set out below.

The company takes advantage of the exemption available under IAS 27 not to prepare consolidated financial statements. The financial statements of The Trafford Centre Holdings Limited and its subsidiary undertakings are included in the consolidated financial statements of the ultimate parent company, Intu Properties plc.

In assessing whether the going concern basis of preparation is appropriate to adopt, the directors considered a number of factors including financial projections of the company and the level of financial support that may be made available to the company by its ultimate parent, Intu Properties plc. Based on this review the directors have concluded that there is a reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

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

The accounting policies used are consistent with those applied in the last annual financial statements, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year. During 2012, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the company's 31 December 2012 year end:

- IFRS 7 Financial Instruments: Disclosures (amendment – disclosures on transfers of financial assets)

This amendment had no impact on the financial statements.

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

The following standards have been issued and adopted by the EU but are not effective for the year ended 31 December 2012 and have not been adopted early:

- IFRS 7 Financial Instruments; Disclosures (amendment – offsetting requirements and converged disclosure) (effective from 1 January 2013);
- IFRS 10 Consolidated Financial Statements (effective from 1 January 2014);
- IFRS 11 Joint Arrangements (effective from 1 January 2014);
- IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2014);
- IFRS 13 Fair Value Measurement (effective from 1 January 2013);
- IAS 1 Presentation of Financial Statements (amendment) (effective from 1 July 2013);
- IAS 12 Income Taxes (amendment) (effective from 1 January 2013);
- IAS 19 Employee Benefits (revised) (effective from 1 January 2013);
- IAS 27 Separate Financial Statements (revised) (effective from 1 January 2014);
- IAS 28 Investments in Associates and Joint Ventures (revised) (effective from 1 January 2014); and
- IAS 32 Financial Instruments: Presentation (amendment) (effective from 1 January 2014).

These pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentations or disclosure.

Additionally a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. The most significant of these are:

- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements (amendment);
- IFRS 12 Disclosure of Interests in Other Entities (amendment);
- IAS 27 Separate Financial Statements (amendment);
- IAS 32 Financial Instruments: Presentation (amendment);
- Amendments to (transition guidance) IFRS 10, IFRS 11 and IFRS 12; and
- Amendments arising from annual improvements 2009-2011 cycle.

These pronouncements are not expected to have a material impact on the financial statements, but may result in changes to presentations or disclosure.

Taxation

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Impairment of assets

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

Cash and cash equivalents

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

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

Current/non-current classification

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

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

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2. Profit before tax

The profit for the year did not include any fees in respect of auditors' remuneration or directors' remuneration (2011 £nil). The directors' remuneration for services to the company has been borne by other entities that are part of the Intu Properties plc group. No deduction is made for auditors' remuneration of £1,200 (2011 £1,200) which was settled on behalf of the company by the ultimate parent company.

There were no employees during the year (2011 nil).

3. Taxation

The tax expense for the year is lower (2011 lower) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below:

	2012 £	Represented 2011 £
Profit before tax	<u>120,200</u>	<u>140,200</u>
Reconciliation of tax charge:		
Profit on ordinary activities before taxation at 24.5% (2011 26.5%)	29,449	37,153
Non-taxable intra-group dividends	<u>(29,449)</u>	<u>(37,153)</u>
	<u>-</u>	<u>-</u>

4. Finance income

	2012 £	2011 £
Dividend receivable on 'B' preference shares held in The Trafford Centre Limited	<u>120,200</u>	<u>120,200</u>

5. Dividends payable on equity share capital

	2012 £	2011 £
Interim dividend of 0.16 pence per ordinary share (2011 0.16 pence per ordinary share)	130,001	130,200
Final dividend of £nil per ordinary share (2011 £nil)	<u>-</u>	<u>-</u>
	<u>130,001</u>	<u>130,200</u>

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

6. Investments

	Subsidiary undertakings £
Cost	
At 1 January 2011, 31 December 2011 and 31 December 2012	<u>80,000,004</u>

Details of investments of the company in its principal subsidiary undertakings are given in note 11.

7. Trade and other receivables

	2012 £	2011 £
Amounts owed by group undertakings	<u>120,200</u>	<u>-</u>

8. Trade and other payables

	2012 £	2011 £
Amounts owed to group undertakings	<u>4</u>	<u>4</u>

Amounts due to group undertakings are unsecured and repayable on demand. No interest is charged on these amounts.

9. Share capital

	Number	2012 £	2011 £
Issued, allotted and fully paid equity share capital			
Ordinary shares of £1 each	<u>80,000,000</u>	<u>80,000,000</u>	<u>80,000,000</u>

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009. Under savings provisions, the current maximum number of shares which may be issued by the company is 80,000,000 ordinary shares of £1 each.

10. Ultimate parent company

The ultimate parent company is Intu Properties plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is The Trafford Centre Investments Limited, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11. Subsidiary undertakings

The principal subsidiary undertakings as at 31 December 2012 were as follows:

Company	Class of Share	Number held	% held	Principal activities
The Trafford Centre Limited	£1 ordinary	22,353,167	100	Operator of Intu Trafford Centre
	£1 'B' preference	120,200,000	100	
Barton Square Limited	£1 ordinary	2	100	Operator of Barton Square
The Trafford Centre Finance Limited (Cayman Islands)	£1 ordinary	2	100	Issue vehicle for The Trafford Centre Limited

Companies are incorporated and registered in England and Wales unless otherwise stated.

12. Cash generated from operations

	2012 £	2011 £
Profit before tax	120,200	140,200
Remove:		
Income from shares in group undertakings	-	(20,000)
Finance income	<u>(120,200)</u>	<u>(120,200)</u>
Cash generated from operations	<u>-</u>	<u>-</u>

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

13. Related party transactions

During the year the company entered into the following significant transactions with other group companies:

	Nature of transaction	2012 £	2011 £
The Trafford Centre Investments Limited	Dividend paid	130,001	130,200
The Trafford Centre Limited	Dividend received	-	20,000
The Trafford Centre Limited	Preference share interest received	120,200	120,200

Significant balances outstanding between the company and other group companies are shown below:

	Amounts owed by		Amounts owed to	
	2012 £	2011 £	2012 £	2011 £
The Trafford Centre Finance Limited	-	-	2	2
Barton Square Limited	-	-	2	2
The Trafford Centre Limited	120,200	-	-	-

14. Financial risk management

The majority of the company's financial risk management is carried out by the group treasury department and the policies for managing each of these risks and the principal effects of these policies on the results for the year are summarised below.

Liquidity risk

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

The tables below set out the maturity analysis of the company's financial liabilities based on the undiscounted contractual obligations to make payments of interest and to repay principal.

	Within 1 year £	2012 Total £
Amounts due to group undertakings	(4)	(4)
	Within 1 year £	2011 Total £
Amounts due to group undertakings	(4)	(4)

THE TRAFFORD CENTRE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14. Financial risk management (continued)

Classification of financial assets and liabilities

The table below sets out the company's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2012 and 31 December 2011.

	Carrying value £	2012 Fair value £
Cash and cash equivalents	-	-
Total cash and receivables	-	-
Trade and other payables	(4)	(4)
Total loans and payables	(4)	(4)
	Carrying value £	2011 Fair value £
Cash and cash equivalents	130,001	130,001
Total cash and receivables	130,001	130,001
Trade and other payables	(4)	(4)
Total loans and payables	(4)	(4)

There were no gains or losses arising on financial assets or liabilities recognised in either the income statement or directly in equity (2011 nil).

ANNEX 2
VALUATION REPORT

**intu Trafford Centre and
Trafford Centre Land,
Manchester**

Report and Valuation for

The Addressees

Valuation Date

12 February 2014

A Valuation Report

To: The Trafford Centre Finance Limited (as **Issuer**), Lloyds Bank plc and Credit Suisse (as **Joint Lead Arrangers** and **Joint Lead Managers**), Lloyds Bank plc (as **Liquidity Provider**), Deutsche Trustee Company Limited (as the **Security Trustee**), Deutsche International Services (C.I.) Limited (as the **Note Trustee**), together with each of their successors, transferees and assignees or any other manager, agent and/or trustee for any other beneficiaries of any security granted in connection with the Transaction (together the **Beneficiaries** and each a **Beneficiary**), together with Lloyds Bank plc and Credit Suisse as (**Bookrunners** and **Managers**) and any other bookrunners or managers under the Documentation (together the **Addressees**)

The Company: The Trafford Centre Ltd

Report Date: 18 February 2014

Valuation Date: 12 February 2014

1 Instructions

Appointment

We are pleased to submit our valuation report, which has been prepared in connection with your consideration of the suitability of the property as security.

2 Background to the Valuation

Properties

The properties and interests valued are detailed in Part B.





3 Bases of Valuation

The valuation has been prepared in accordance with the RICS Valuation – Professional Standards, 9th Edition (the “Red Book”) by a valuer acting as an External Valuer, as defined within the Red Book.

Bases

The properties in Part B have been valued on the basis of Market Value, subject to any existing leases and otherwise assuming vacant possession.

Market Value Definition

We have assessed “Market Value” in accordance with the Red Book.

The Red Book defines Market Value as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Market Rent Definition

We have assessed “Market Rent” in accordance with the Red Book.

The Red Book defines Market Rent as “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.”

Estimated Net Annual Rents Receivable

In the Part B schedule, we set out our estimates of the net annual rents currently receivable from the Investment Properties. In providing these estimates, we define "net annual rent" as "the current income or income estimated by the valuer:

- (i) ignoring any special receipts or deductions arising from the property;
- (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and



- (iii) after making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent."

Where premises are let on effective full repairing and insuring leases, the net annual rents receivable stated in the schedule are the presently contracted rents payable under those leases or agreements to lease without any deduction for the cost of management or any other expenses.

Where leases are subject to rent-free periods which have not expired, the total Estimated Net Annual Rents Receivable stated reflect the present nil rent passing under those leases. We have stated the total including the rents payable following expiry of the rent-free period within the Terms of Existing Tenancies column.

The schedule sets out our opinion of the current Estimated Net Annual Rents, which is on the basis of Market Rent. Where there are outstanding or forthcoming reviews, rental value has been assessed in accordance with the terms of the occupational lease review provisions. Otherwise, rental value has been assessed on the basis of Market Rent, assuming a new lease drawn on terms appropriate to current practice in the relevant market.

4 Assumptions, Departures and Reservations

We have made no Special Assumptions.

We have made no Departures from the Red Book. The valuation is not subject to a reservation.

Tenure and Tenancies

We have not inspected title deeds and we have relied on the information supplied and listed at paragraph 6 of this Report as being correct and complete. In the absence of information to the contrary, we have assumed the absence of unusually onerous restrictions, covenants or other encumbrances and that the property has a good and marketable title. Where supplied with legal documentation, we have considered it but we will not take responsibility for the legal interpretation of it. We have not obtained information from The Land Registry.

We have not read any leases.



Structure

We have not carried out a structural survey of any property nor have we tested services but have relied on the information supplied and listed at paragraph 6 of this Report. Further, no inspection has been made of the woodwork and other parts of the structures which are covered, unexposed or inaccessible. In the absence of information to the contrary, the valuation is on the basis that the property is free from defect. However, the value reflects the apparent general state of repair of the property noted during inspection, but we do not give any warranty as to the condition of the structure, foundations, soil and services. Our report should not be taken or interpreted as giving any opinion or warranty as to the structural condition or state of repair of the property, nor should such an opinion be implied.

Planning and Statutory Regulations

We have not been instructed to make formal searches with local planning authorities and we have relied on the information supplied and listed at paragraph 6 of this Report. We recommend that your lawyers be instructed to confirm the planning position relating to the property and review our comments on planning in the light of their findings.

Covenant

Our valuation takes into account potential purchasers' likely opinion of the financial strength of tenants. However, we have not undertaken any detailed investigations on the covenant strength of the tenants. Unless informed to the contrary by you or in the information supplied and listed at paragraph 6 of this Report, we have assumed that there are no significant arrears and that the tenants are able to meet their obligations under their leases or agreements.

Floor Areas

The Company has provided us with floor areas of the properties which as instructed we have relied on and have not checked on site. We have assumed that the areas supplied to us have been measured in accordance with the RICS Code of Measuring Practice.



Other

Our valuation takes into account the information supplied and listed at paragraph 6 of this Report. Subject to this information providing otherwise, we have made the following additional assumptions:

- (i) the properties and any existing buildings are free from any defect whatsoever;
- (ii) all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual effect on building costs, property values or viability of any development or existing buildings;
- (iii) all the building services (such as lifts, electrical, gas, plumbing, heating, drainage and air conditioning installations and security systems) and property services (such as incoming mains, waste, drains, utility supplies, etc) are in good working order without any defect whatsoever;
- (iv) there are no environmental matters (including but not limited to actual or potential land, air or water contamination, or by asbestos or any other harmful or hazardous substance) that would affect the property, any development or any existing buildings on the property or any adjoining property, and we shall not be responsible for any investigations into the existence of the same and you are responsible for making such investigations;
- (v) any building, the building services and the property services comply with all applicable current regulations (including fire and health and safety regulations);
- (vi) the properties and any existing buildings on the property comply with all planning and building regulations, have the benefit of appropriate planning consents or other statutory authorisation for the current use and no adverse planning conditions or restrictions apply (which includes, but is not limited to, threat of or actual compulsory purchase order);
- (vii) any occupational leases are on full repairing and insuring terms, with no unusually onerous provisions or covenants that would affect value;
- (viii) in respect of any lease renewals or rent reviews, all notices have been served validly within any time limits;



- (ix) vacant possession can be given of all accommodation which is unlet or occupied by The Company or its employees on service tenancies; and
- (x) any valuation figures provided will be exclusive of VAT whether or not the building has been elected.

5 Inspection

We inspected the properties from a customer’s general perspective on 21st October 2013. We are informed by The Company that there has been no material change to the properties since these dates.

The Issuer and the Borrower confirm that no material changes have occurred in respect of the Property since 12 February 2014.

6 Sources of Information

In addition to information established by us, we have relied on the information obtained from the persons listed below.

Information	Source
1. Floor areas.	intu plc and Cushman & Wakefield LLP
2. Tenancy Schedule.	intu plc
3. Details of irrecoverable outgoings, rental arrears and other management matters.	intu plc
4. Details of current negotiations in hand, e.g. rent reviews and active management issues	intu plc and Ravenscroft & Co
5. Turnover rent.	intu plc
6. Certificate of Title	Travers Smith LLP
7. Building and environmental surveys dated Oct 2010	Waterman Group
8. Rating assessments	intu plc

Cushman & Wakefield LLP accepts responsibility for the information contained in the Valuation Report (other than information contained in the Valuation Report which is stated to



have been obtained from a third party as set out in the table above). To the best of the knowledge of Cushman & Wakefield LLP (having taken all reasonable care to ensure that such is the case) the information contained in this Valuation Report is in accordance with the facts and (in the reasonable opinion of Cushman & Wakefield LLP) does not omit anything likely to affect the import of such information.

7 General Comment

Our opinion of value is based on an analysis of recent market transactions, supported by market knowledge derived from our agency experience. Our valuation is supported by this market evidence.

Where there are outstanding or forthcoming reviews, rental value has been assessed in accordance with the terms of the occupational lease review provisions. Otherwise, rental value has been assessed on the basis of Market Rent, assuming a new lease drawn on terms appropriate to current practice in the relevant market.

All valuations are professional opinions on a stated basis, coupled with any appropriate assumptions or special assumptions. A valuation is not a fact, it is an estimate. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of certainty, or probability, that the valuer's opinion of market value would exactly coincide with the price achieved were there an actual sale at the valuation date.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

Should a sale be contemplated, we strongly recommend that the property is given proper exposure to the market.

We recommend that you keep the valuation of this property under frequent review.

You should not rely on this report unless any reference to tenure, tenancies and legal title has been verified as correct by your legal advisers.



8 Valuation

Market Value

Our opinion of the Market Value of the interests in the properties detailed in Part B is:

£1,821,000,000

(One Billion Eight Hundred and Twenty One Million Pounds)

The value may be apportioned between the components;

Property	Market Value Freehold
intu Trafford Centre	£1,806,000,000
The Trafford Centre Land	£15,000,000
Total	£1,821,000,000

Investors should note that rental income generated by Barton Square does not provide a source of funds to meet sums falling due under the Issuer/Borrower Facility Agreement or the Notes.

9 Conflict of Interests

Cushman & Wakefield LLP prepared a valuation of the property on behalf of Lloyds Bank plc in connection with the original financing prior to the centre opening in 1998.

Cushman & Wakefield LLP provides other professional or agency services to some of the Addressees from time to time and has done so for a period of more than 5 years. In our most recent financial year, Cushman & Wakefield LLP received less than 5% of its total fee income from these parties in aggregate.

We have provided bi-annual valuations on the subject property for the past 3 years to the owners, Intu, for accounts purposes. Simon Smith MRICS, David Lusher MRICS and Rupert Dodson FRICS have all previously acted as signatories to the Intu valuations. For this appointment and as part of our internal procedures, therefore, the valuation has also been reviewed and signed by an unconnected partner, Dudley Holme-Turner MRICS, who while having extensive and current experience of valuing shopping centres, has to date not been



involved in the valuation of the Trafford Centre and further has had no professional contact with Intu.

As you are also aware, Cushman & Wakefield LLP acts for the Company as letting agents and from time to time on individual rent reviews. We consider that the operational and physical separation of our valuation team, our internal procedures and the review by an unconnected partner, mean that we do not have a conflict in advising the Addressees.

10 FCA Compliance

In preparing this Valuation Report, we have complied with the requirements of PR 5.6.5G of the Prospectus Rules (and related guidance) published by the Financial Conduct Authority.

We also confirm that for the purposes of the Listing Rules issued by the Financial Conduct Authority, neither the signatories to this report or Cushman & Wakefield LLP has an interest (material or otherwise) in the entity.

11 Confidentiality

To the fullest extent permitted by the law (including any mandatory responsibility arising from the listing rules of any stock exchange) we do not assume any responsibility to and we hereby exclude all liability arising from use of and/or reliance on this report by any person or persons other than those parties to whom this report is addressed and to whom we have issued a reliance letter.

Other than those parties to whom this report is addressed (or any person to whom we have issued a reliance letter and who has accepted the terms contained therein), any third party seeking to rely on this report shall only be entitled to do so for the purposes of determining whether or not to acquire any of the proposed commercial mortgage backed securities.

We have agreed with the Addressees that our aggregate liability to them and/or any other third party in relation to the valuation shall not exceed in aggregate and on a joint and cumulative basis the amount of £30,000,000.



12 Disclosure and Publication

You must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

You must not modify, alter (including altering the context in which the report is displayed) or reproduce the contents of this valuation report (or any part) without first obtaining our written approval. Any person who contravenes this provision shall be responsible for all of the consequences of the same, including indemnifying Cushman and Wakefield LLP against all consequences of the contravention. Cushman & Wakefield LLP accepts no liability for any use of the Report that is in contravention of this section.

Signed for and on behalf of Cushman & Wakefield LLP

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B Property Report

PROPERTIES HELD AS INVESTMENTS

Property	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Net Annual Rents Receivable	Estimated Net Annual Rents	Market Value
			£	£	£
The Trafford Centre, Manchester	<p>The Property is a Regional Shopping Centre which was completed and opened for trading on 10 September 1998. The Property comprises retail and leisure accommodation arranged principally on 2 levels including 3 department stores (Selfridges, Debenhams and John Lewis), 5 major space users (BhS, Boots, Marks & Spencer, H&M Hennes and Next), 14 large space users, 135 shop units, 41 cafes/restaurants and 1 entertainment unit. In addition there are mall carts, a 20 screen multiplex cinema, 2 leisure units and offices at second floor level. There are 157 retail units in total.</p> <p>There are 10 ATMs and 41 separate store rooms. To the west of the Mall is the Wilderspool Woodland which comprises a hotel, restaurant and leisure area. There is a petrol filling station and car wash to the north of the shopping centre.</p> <p>The company has obtained planning permission for a hotel on the site. This has been excluded from the valuation.</p> <p>The Property has a total floor area of approximately 158,864 square metres (1,710,000 square feet). There are approximately 10,000 car parking spaces, a coach park for 300 coaches and a bus</p>	<p>Let on full repairing and insuring leases by way of service charge, insurance contributions and repairing obligations.</p> <p>The gross annual rents receivable including rents agreed, but where rent free periods are outstanding, is £88,514,000 pa including turnover. The net rent is £87,418,000 pa. This includes deemed income from outstanding rent reviews</p> <p>The entire Property is let with the exception of 17 retail and restaurant units. Discussions are taking place, heads of terms are issued or solicitors instructed in respect of 11 of these units.</p> <p>The majority of the Property is held on leases granted in excess of 5 years and subject to 5 yearly upward only rent reviews. The majority of leases are granted outside the provisions of Part II of the Landlord and Tenant Act 1954.</p> <p>In addition to leases of retail, restaurant and leisure accommodation there are barrows, merchandising carts and microcell telephone equipment occupied by way of leases and licences.</p> <p>The valuation includes the Dome offices which have been let to Peel Management Ltd at a rent of £406,743 pa.</p> <p>Approximately £453,000 pa of</p>	86,254,000 (this includes deemed income on outstanding rent reviews of £2,646,000pa)	104,005,000	£1,806m



Property	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Net Annual Rents Receivable	Estimated Net Annual Rents	Market Value
			£	£	£
	<p>station.</p> <p>The site area of the Property (excluding the hotel site) is approximately 53.9 hectares (133.4 acres).</p> <p>The property is connected by a bridge link to Barton Square, comprising 338,000 sq ft of retail and leisure accommodation. As instructed, this has been excluded from the valuation.</p> <p>Freehold</p>	<p>net additional income is receivable from advertising sites.</p> <p>The majority of the leases provide for turnover income to be paid in addition to a base rent. This is estimated at £1,980,000 pa above the rent at the valuation date (once the outstanding rent reviews are settled).</p> <p>Allowances have been made to arrive at a net income with deductions being made for a landlord's contribution to promotion (£680,000 pa), a permanent income void (2.5% pa of rental value commencing after 18 months) and void costs associated with currently vacant units.</p>			
The Trafford Centre Land	3.8 hectares (9.3 acres)	Land adjacent to Park Way	Nil	Nil	£15m

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