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INTU (SGS) FINANCE PLC

(incorporated with limited liability in England and Wales with registered number 08351883)

£5,000,000,000
Programme for the Issuance of Notes

Under the Programme for the issuance of Notes described in this Prospectus, Intu (SGS) Finance plc, subject to compliance with all relevant laws, regulations and directives, may from time to time issue Notes. The aggregate nominal amount of Notes outstanding will not at any time exceed £5,000,000,000 unless increased from time to time by the Issuer in accordance with the Programme Agreement.

The Notes may be issued in separate Tranches, with the Notes in each Tranche having, among other things, different interest rates (either fixed or floating), interest payment dates, issue prices and/or maturity terms to the Notes of other Tranches (other than Tranches within the same Series of Notes) in each case, as specified in the relevant Final Terms relating to such Tranche. However, all Tranches must be denominated in sterling only. Each Tranche of Notes will rank *pari passu* with all other Tranches of Notes in point of security.

Notes issued under the Programme will have a minimum denomination of at least £100,000.

The Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. Application has been made to the Irish Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the Official List and trading on its regulated market.

References in this Prospectus to Notes being listed in Ireland (and all related references) shall mean that such Notes have been admitted to the Official List and trading on the Irish Stock Exchange's regulated market. The Irish Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC.

The Programme provides that Notes may be admitted to trading or listed on such other stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s). The Issuer may also issue Notes which have not been admitted to trading or listed. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

Such application for approval relates only to the Notes which are to be admitted to trading on the Market and which have a minimum denomination of at least £100,000.

The applicable Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market or any other stock exchange as may be agreed between the Issuer and the relevant Dealers and as specified in the applicable Final Terms for the relevant Notes.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to or for the account or for the benefit of U.S. persons unless such securities are registered under the Securities Act or pursuant to an exception from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Series of Notes in bearer form will be represented on issue by a Temporary Global Note in bearer form or a Permanent Global Note in bearer form. If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. Notes in registered form will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered Global Certificates. If a Global Certificate is held under the New Safekeeping Structure, the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Global Notes which are not issued in NGN form and Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche with a Common Depositary.

The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in the section of this Prospectus entitled "*Summary of Provisions Relating to the Notes while in Global Form*".

Notes may be rated by S&P. S&P is established in the EU and registered under Regulation (EC) No 1060/2009.

Notes to be issued under the Programme will be rated or unrated. Where Notes are rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not a rating in relation to such Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Final Terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section of this Prospectus headed "Risk Factors" and, in particular, to the limited recourse nature of the Notes and the fact that the Issuer is a special purpose vehicle. The Prospectus does not describe all of the risks of an investment in the Notes.

Readers of the Prospectus should have regard to the definitions set out in the Glossary of Defined Terms, in respect of capitalised terms used herein.

ARRANGERS

BofA MERRILL LYNCH **HSBC**

DEALERS

BofA MERRILL LYNCH **HSBC** **UBS INVESTMENT BANK**

The date of this Prospectus is 8 March 2013

This Prospectus comprises a base prospectus for the purposes of Article 5.4 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, FinCo, any other Obligor and the Notes which, according to the particular nature of the Issuer, FinCo, 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(s)**") 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 Intu Group Information. 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.

FinCo and the Obligors separately accept responsibility for the information contained in this Prospectus in respect of themselves. 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.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference").

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, FinCo, any other Obligor, any other member of the Group or any of the Dealers, the Arrangers 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, FinCo, any other Obligor or any other member of the 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, FinCo, any other Obligor or any other member of the 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 Programme 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.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be £100,000.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £5,000,000,000 unless increased from time to time by the Issuer in accordance with the Programme Agreement.

Details of the aggregate principal amount, interest (if any) payable, the issue price and any other conditions not contained herein, which are applicable to each Tranche of each Series will be set forth in a set of Final Terms, or in a separate Drawdown Prospectus (see the Section of this Prospectus entitled "*Final Terms and Drawdown Prospectuses*" below). In the case of an issue of

Notes which are the subject of a Drawdown Prospectus, each reference in this Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus, unless the context requires otherwise.

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, the Dealers and the Arrangers 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 include Notes in bearer form that 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, FinCo, any other Obligor, any other member of the Group or the Dealers to subscribe for, or purchase, any Notes.

None of the Issuer Trustee, the Obligor Security Trustee, the Agents, the Account Banks, the Dealers or the Arrangers 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 Issuer Trustee, the Obligor Security Trustee, the Agents, the Account Banks, Arrangers or a Dealer or any of their Affiliates or on its behalf in connection with the Issuer, FinCo, any other Obligor, any other member of the Group or the issue and offering of the Notes. The Issuer Trustee, the Obligor Security Trustee, each Agent, each Account Banks, each Arranger and each Dealer 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, FinCo, any other Obligor, any other member of the Group, the Arrangers or the Dealers 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, the Dealers or any of their Affiliates in connection with any investigation of the accuracy of such information or its investment decision. None of the Issuer Trustee, the Obligor Security Trustee, the Agents, the Account Banks, the Dealers or the Arrangers or any of their Affiliates undertakes to review the financial condition or affairs of the Issuer, FinCo, any other Obligor or any other member of the 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 Issuer Trustee, the Obligor Security Trustee, the Agents, the Account Banks, the Dealers or the Arrangers or any of their Affiliates.

In connection with the issue of any Tranche or Series, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any 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 relevant Tranche 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 relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) 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.

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 and the Security Group concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies of the Security Group and the industry in which the Security Group operates.

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 Security Group's actual results of operations, financial condition and liquidity, and the development of the industry in which the Security 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 Security Group, and the development of the industry in which the Security Group operates, 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 Security 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.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the annual report and audited consolidated financial statements of the Parent for the financial years ending 31 December 2011 and 31 December 2012, which have been previously published and which have been filed previously with the Central Bank. Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the Parent's website at http://www.intugroup.co.uk/investors/reports-presentations/financial-reporting/

SUPPLEMENTARY PROSPECTUS

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to Article 16 of the Prospectus Directive, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplementary prospectus as required by Article 16 of the Prospectus Directive.

The Issuer has given an undertaking to the Dealers and Arrangers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer and Arranger such number of copies of such supplement hereto as such Dealer or Arranger may reasonably request.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In relation to the different types of Notes which may be issued under the Programme, the Issuer has endeavoured to include in this Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Prospectus and which can only be determined at the time of an individual issue of Notes.

Any information relating to the Notes which is not included in this Prospectus and which is required in order to complete the necessary information in relation to an issue of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus. For an issue of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that issue only, supplement this Prospectus and must be read in conjunction with this Prospectus. The Conditions as completed to the extent described in the relevant Final Terms are the terms and conditions applicable to any particular issue of Notes which is the subject of Final Terms.

In this section, the expression "**necessary information**" means, in relation to any issue of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes.

The Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus are the terms and conditions applicable to any particular issue of Notes which is the subject of a Drawdown Prospectus. Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer, the Security Group and the relevant Notes.

ARTICLE 122A OF THE CAPITAL REQUIREMENTS DIRECTIVE

The Issuer is of the opinion that the requirements of Article 122a do not apply to the Notes or the Programme.

TABLE OF CONTENTS

TRANSACTION OVERVIEW

The following is an overview of the transaction. 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.

Intu Properties plc

Intu Properties plc and its Subsidiaries (the "**Group**") is a market leading developer, owner and manager of UK regional shopping centres, whose principal activities are investing in, owning, developing and managing retail shopping centres in the United Kingdom. The Group owns 15 regional shopping centres amounting to 16.6 million sq. ft. of retail space which are valued at £7.1 billion at 31 December 2012. As at 31 December 2012 the Group had a market share by space of approximately 30% of the UK's leading shopping centres. For further information on the Group, see the section of this Prospectus entitled "*The Portfolio*" on page 92 of this Prospectus.

The Security Group

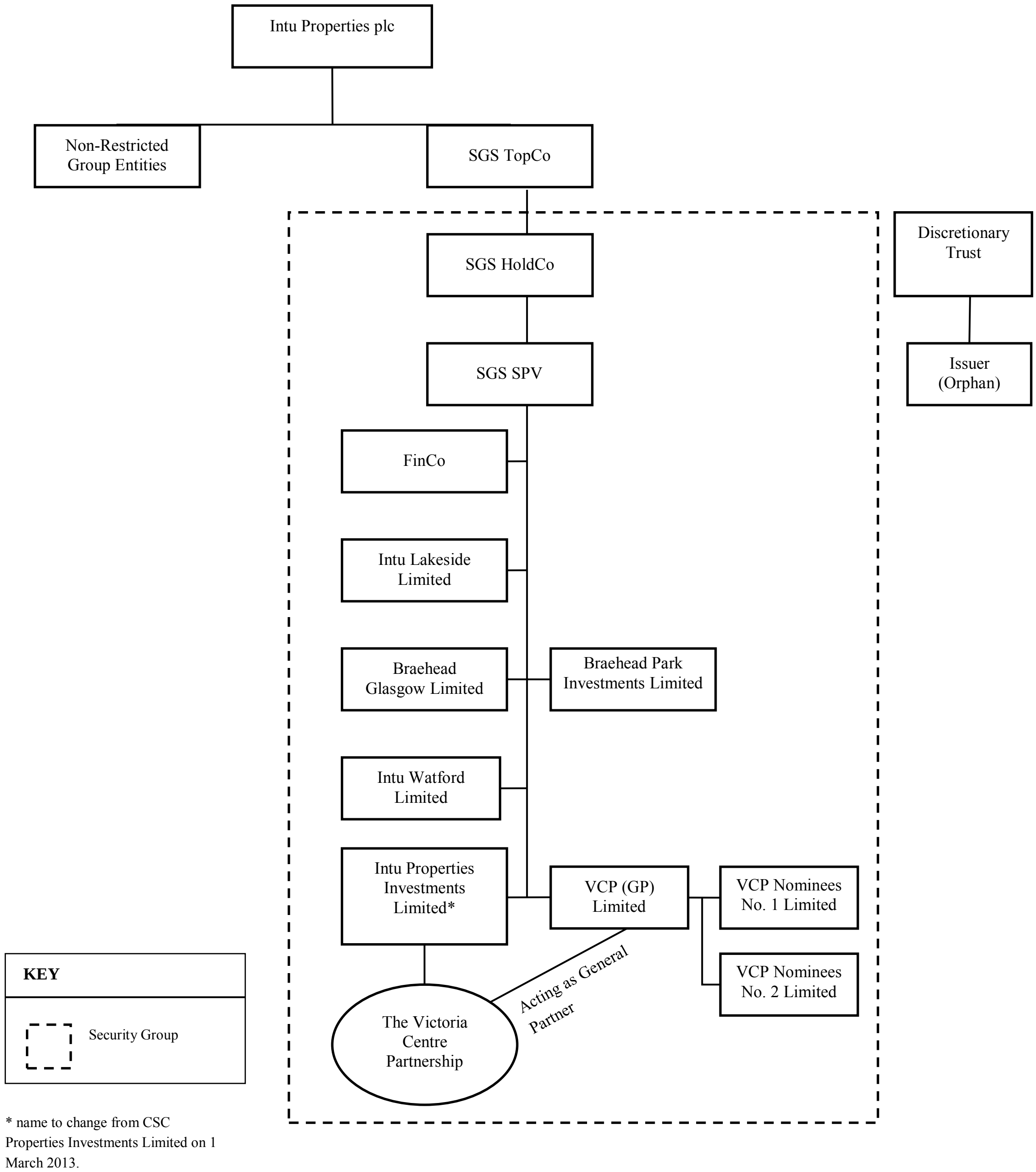
The Security Group will be formed on the Initial Issue Date. The Security Group will, on the Initial Issue Date, include the PropCos that own the Initial Properties which will be subject to security in favour of certain creditors under the Finance Documents as described more fully under "*Description of the Principal Transaction Documents*" on page 109 of this Prospectus, together with their direct and indirect shareholders and the group finance company (FinCo), established specifically for the purpose of borrowing from the Issuer under the Programme and other lenders and on-lending to the PropCos. SGS HoldCo will, as from the Initial Issue Date, directly hold all of the shares in SGS SPV. SGS SPV in turn either directly or indirectly (as applicable) will hold all of the shares in FinCo and the other Obligors. See "*Corporate Structure of the Security Group on the Initial Issue Date*" below for a diagrammatic representation of the corporate structure of the companies within the Security Group on the Initial Issue Date. The composition of the Portfolio from time to time, and the Security Group, may change since the Obligors will be permitted to add Eligible Properties to, or dispose of or withdraw Eligible Properties from, the Portfolio, or add Additional Obligors to, or dispose of an Obligor from, the Security Group, all as permitted under the terms of the Finance Documents. These actions will be subject to a number of restrictions and other conditions, including a requirement to ensure that the Portfolio complies from time to time with certain Asset Criteria. Please see the section of this Prospectus entitled "*Description of the Principal Transaction Documents*" for further details.

The PropCos will be the principal real estate owning entities of the Security Group as from the Initial Issue Date. FinCo, acting as an intra group financing company for these entities, will raise funds and enter into hedging arrangements, the net proceeds and economic benefits of which it will advance or transfer to the PropCos, the other Obligors and any additional future Obligors that accede to the financing arrangements contemplated in the Finance Documents at future dates, to support the aforementioned activities of the Security Group (see "*Corporate Structure of the Security Group on the Initial Issue Date*" below). One source of funding for FinCo will be ICL Loans under the Intercompany Loan Agreement, which will correspond to the net proceeds of issuance of corresponding Tranches of Notes under the Programme.

The Issuer

As described in more detail below (see "*The Issuer*") on page 89 of this Prospectus, the Issuer has been established solely for the purposes of issuing Notes and advancing the net proceeds to FinCo on a secured basis as more fully described in this Prospectus. The Issuer is not part of the Group or the Security Group and its shares are held on a discretionary trust by a third party.

Corporate Structure of the Security Group on the Initial Issue Date



The Portfolio

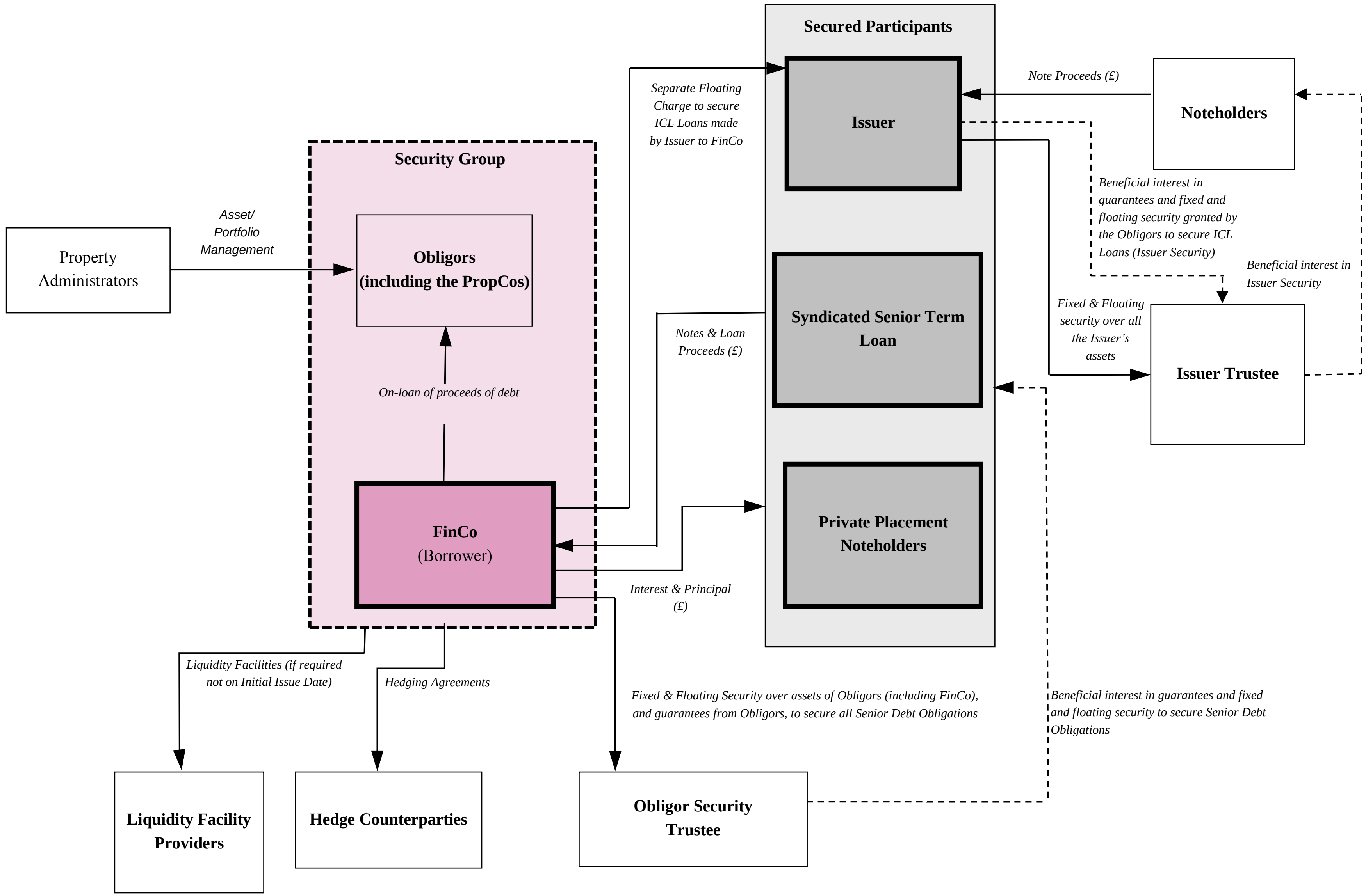
As at the Initial Issue Date, the Security Group will own a portfolio of four Properties (the identities and market values of which are listed below), being the Initial Properties, all of which are Prime Shopping Centres located in the United Kingdom, and are described in more detail in the section of this Prospectus entitled "*The Portfolio*" on page 92 of this Prospectus.

Portfolio	Market Valuation as at 31 December 2012	
	£m	*%*
Lakeside, Thurrock	1092.5	47.4
Braehead, Glasgow	582.0	25.2
The Harlequin, Watford	324.0	14.1
Victoria Centre, Nottingham	307.0	13.3
TOTAL	2305.5	100.0

A summary of the Valuation of the Portfolio prepared by the Valuer as at 31 December 2012 is included in this Prospectus at Annex 2 (*Valuation Report*), below.

Transaction Structure

Below is a diagrammatic summary of the key credit and security arrangements and relationships in the transaction structure as at the Initial Issue Date:


Secured Participants
Security Group
Property Administrators
Asset/ Portfolio Management
Obligors (including the PropCos)
On-loan of proceeds of debt
FinCo (Borrower)
Separate Floating Charge to secure ICL Loans made by Issuer to FinCo
Issuer
Note Proceeds (£)
Noteholders
Beneficial interest in guarantees and fixed and floating security granted by the Obligors to secure ICL Loans (Issuer Security)
Beneficial interest in Issuer Security
Fixed & Floating security over all the Issuer's assets
Issuer Trustee
Syndicated Senior Term Loan
Notes & Loan Proceeds (£)
Private Placement Noteholders
Interest & Principal (£)
Liquidity Facilities (if required – not on Initial Issue Date)
Hedging Agreements
Fixed & Floating Security over assets of Obligors (including FinCo), and guarantees from Obligors, to secure all Senior Debt Obligations
Beneficial interest in guarantees and fixed and floating security to secure Senior Debt Obligations
Liquidity Facility Providers
Hedge Counterparties
Obligor Security Trustee

Funding Options

The Security Group will have a number of funding options open to it under the transaction structure.

From time to time, FinCo will be permitted to raise Senior Debt Obligations in one or more of the following ways:

1. by means of an issue of Notes by the Issuer under the Programme (see "*Transaction Overview – The Programme*" on page 17 below). Upon the issue of a Tranche of Notes, an amount equal to the face value of the Notes issued by the Issuer will, except as provided below, be advanced to FinCo as an ICL Loan under the Intercompany Loan Agreement. If the Notes are issued at a discount or premium, adjustments will be made to the amounts payable under the ICL Loan to provide for a repayment amount sufficient to repay the relevant Tranche of Notes at maturity or early due date for payment. The Intercompany Loan Agreement will provide for separate ICL Loans to be made to FinCo, with each ICL Loan corresponding to a particular Tranche of Notes issued by the Issuer;

2. by entering into credit facility agreements with credit providers, including (on the Initial Issue Date) drawing down upon the Initial Authorised Loan Facility for the purpose of, together with the proceeds of the Notes issued on the Initial Issue Date, repaying any existing indebtedness of the PropCos as at the Initial Issue Date. The Initial Authorised Loan Facility is described in more detail under "*Description of the Principal Transaction Documents*" on page 109 below;

3. issue PP Notes directly to institutional investors via private placement.

'The Obligors will also be permitted from time to time:

1. borrow from other Obligors or Non-Restricted Group Entities, each on an unsecured and subordinated basis; and

2. borrow or incur Third Party Unsecured Financial Indebtedness on an unsecured and unsubordinated basis from third parties not part of the Group, up to a limit set by the UD Headroom Test.

Transaction Security

- FinCo and each other Obligor will, on the Initial Issue Date, grant fixed and floating security over all of their assets in favour of the Obligor Security Trustee who shall hold the benefit of such security on trust for the Secured Participants. In addition, each Obligor will, on the Initial Issue Date, enter into the Obligor Floating Charge Agreement, pursuant to which each Obligor will charge in favour of the Obligor Security Trustee (as trustee for the Issuer) by way of a first floating charge all present and future assets and undertaking of such Obligor as security for the payment of all OFCA Secured Liabilities (whether of that or any other Obligor) (see "*Description of the Principal Transaction Documents – Security Trust and Intercreditor Deed*" and "*– Obligor Floating Charge Agreement*" on page 150 and 175 below).

- Each of the Secured Participants will, from the Initial Issue Date, share in security over the same assets and has the benefit of a common set of covenants, representations and warranties which are set out in the Common Terms Agreement and the Security Trust and Intercreditor Deed.

- Pursuant to the Common Terms Agreement, each Obligor will jointly and severally guarantee the obligations of (a) FinCo in respect of the ICL Loans and (b) each of the other Obligors (including FinCo) in respect of the other Authorised Finance Facilities and the Finance Documents generally.

- The Issuer's obligations under the Notes and the Issuer Documents will, on or about the Initial Issue Date, be secured by the Issuer (a) granting fixed security and floating security over all of its property, undertaking and assets and (b) assigning by way of security its beneficial interest in the Obligor

Security, in each case, in favour of the Issuer Trustee under the Issuer Deed of Charge (see "*Description of the Principal Transaction Documents – Issuer Deed of Charge*" on page 177 below).

Liquidity and Hedging

FinCo will, in certain circumstances, be required to enter into one or more Liquidity Facility Agreements pursuant to which it may, subject to the satisfaction of certain conditions to be agreed with the relevant Liquidity Facility Providers), draw amounts thereunder to meet certain of its payment obligations under the Intercompany Loan Agreement and the other Senior Debt Obligations and certain other obligations ranking senior thereto where FinCo has insufficient funds available to it to do so. Alternatively, FinCo may comply with its obligations to obtain liquidity by creating a separate liquidity reserve for that purpose (see "*Description of the Principal Transaction Documents – Common Terms Agreement – Liquidity Requirements*" on page 123 below). At the Initial Issue Date, no Liquidity Facility Agreement will have been entered into, nor such reserve established.

FinCo will be required to hedge interest rate exposures to certain pre-specified levels (see "*Description of the Principal Transaction Documents – Common Terms Agreement – Hedging*" on page 121 below). FinCo will manage the Security Group's interest rate exposures by entering into Hedging Agreements with various Hedge Counterparties.

FinCo is permitted under the Finance Documents only to raise Senior Debt Obligations denominated in Sterling, which is also the currency in which the Security Group will receive its revenues. Accordingly, the transaction and the Security Group are not expected to be exposed to risks associated with the movement of currency exchange rates.

Debt Levels and Covenant Regimes

The Common Terms Agreement will regulate, *inter alia*, how much Financial Indebtedness may be incurred by the Security Group and the corresponding amount of Senior Debt Obligations and Permitted Other Debt Obligations that may be outstanding from time to time. In particular, investors should have regard to the definition of 'Permitted Additional Financial Indebtedness' in the section of this Prospectus entitled "*Glossary of Defined Terms*" in relation to the restrictions placed on FinCo as to the incurrence of additional Senior Debt Obligations and Permitted Other Debt Obligations.

In addition, the LTV and Historical ICR as measured on a semi-annual basis (or on a quarterly basis if and for so long as the T3 Covenant Regime is in effect) will determine the level of restriction imposed on the operational flexibility of the Security Group (the level of restriction being graded in three tiers by reference to the levels of the applicable ratio tests from time to time) (see "*Description of the Principal Transaction Documents – Common Terms Agreement*" on page 109 below, for a more detailed description of these ratio tests and how and when they are measured).

In calculating the LTV and the Historical ICR of the Security Group only the Senior Debt Obligations, and not the Permitted Other Debt Obligations, will be taken into account (see the definition of "*Net Debt"* and related defined terms in "*Glossary of Defined Terms*" on page 233 below).

KEY PARTIES TO THE TRANSACTION

Issuer	Intu (SGS) Finance plc is a public company with limited liability incorporated under the laws of the England and Wales with registered number 08351883 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP. The Issuer is a special purpose company with no employees or premises and limited permitted activities. Its principal activities

	will comprise issuing Notes from time to time under the Programme and on-lending the proceeds thereof to FinCo pursuant to the Intercompany Loan Agreement.
FinCo	Intu (SGS) Finco Limited is a private company with limited liability incorporated under the laws of the England and Wales with registered number 08355746 and whose registered office is at 40 Broadway, London SW1H 0BU. FinCo's principal activities will comprise entering into the Intercompany Loan Agreements with the Issuer, Authorised Finance Facilities from time to time, and raising Financial Indebtedness for the permitted activities of the Security Group (including the making of payments from the Restricted Payment Account to the Non-Restricted Group Entities).
Parent	Intu Properties plc is a public company with limited liability incorporated under the laws of England and Wales with registered number 03685527 and whose registered office is at 40 Broadway, London SW1H 0BU.
Group	Intu Properties plc and its Subsidiaries together.
SGS TopCo	Intu (SGS) Topco Limited is a private company with limited liability incorporated under the laws of England and Wales with registered number 08353904 and whose registered office is at 40 Broadway, London SW1H 0BU.
SGS HoldCo	Intu (SGS) Holdco Limited is a private company with limited liability incorporated under the laws of England and Wales with registered number 08354703 and whose registered office is at 40 Broadway, London SW1H 0BU.
SGS SPV	Intu (SGS) Limited is a private company with limited liability incorporated under the laws of England and Wales with registered number 08355675 and whose registered office is at 40 Broadway, London SW1H 0BU.
Security Group	The Obligors from time to time.
PropCos	Lakeside Co, Watford Co, Braehead Co 1, Braehead Co 2, Victoria Co 3 and Victoria Co 4 as nominees holding the relevant Property on trust for the Partnership, and the Partnership acting through Victoria Co 1 as its general partner, together with any Additional Obligor which owns Eligible Property and is designated as a PropCo upon its accession to the STID.
Obligors	Each of FinCo, SGS SPV, SGS HoldCo, the PropCos, Victoria Centre Co 1, the Partnership and any Additional Obligors who accede after the Initial Issue Date.
Obligor Security Trustee	HSBC Corporate Trustee Company (UK) Limited, whose registered office is at 8 Canada Square, London E14 5HQ, or any successor thereto appointed in accordance with the terms of the STID.

Obligor Account Bank

HSBC Bank plc whose registered office is at 8 Canada Square, London E14 5HQ.

Obligor Cash Manager

The Parent.

Issuer Trustee

HSBC Corporate Trustee Company (UK) Limited, whose registered office is at 8 Canada Square, London E14 5HQ, has been appointed as trustee for the holders from time to time of the Notes pursuant to the Note Trust Deed. The Issuer Trustee also will hold the security granted by the Issuer under the Issuer Deed of Charge on trust for all of the Issuer Secured Participants.

Issuer Account Bank

HSBC Bank plc whose registered office is at 8 Canada Square, London E14 5HQ.

Issuer Cash Manager

Structured Finance Management (Ireland) Limited whose registered office is at 1 Grant's Row, Lower Mount Street, Dublin 2.

Property Administrators

As at the Initial Issue Date, the following entities provide property management services in respect of:

the Victoria Centre, Intu Property Management Limited, a company incorporated in England and Wales with registered number 04104680 and whose registered office is at 40 Broadway, London SW1H 0BU;

Lakeside, Intu Lakeside Property Management Limited, a company incorporated in England and Wales with registered number 05086815 whose registered office is at 40 Broadway, London SW1H 0BU;

Braehead, Intu Braehead Property Management Limited, a company incorporated in England and Wales with registered number 05389484 whose registered office is at 40 Broadway, London SW1H 0BU; and

The Harlequin, Intu Watford Property Management Limited, a company incorporated in England and Wales with registered number 05389481 whose registered office is at 40 Broadway, London SW1H 0BU.

Under the terms of the Property Administration Agreement, if a Property Administrator Termination Event occurs in respect of a Property Administrator, Finco, on behalf of the PropCos, or the Obligor Security Trustee (acting in accordance with the STID) may by notice in writing to the Property Administrator terminate its appointment (such termination being effective on the date of appointment of a suitable substitute approved in writing by the Obligor Security Trustee). Please see further under "*Description of Principal Transaction Documents – Property Administration Agreement*" on page 183 below.

Arrangers

HSBC Bank plc and Merrill Lynch International.

Dealers

HSBC Bank plc, Merrill Lynch International and UBS Limited

	will act as initial dealers pursuant to the Programme Agreement, either generally with respect to the Programme or in relation to a particular Tranche or Series of Notes.
Initial Authorised Loan Facility Providers	Bank of America N.A., acting through its London Branch, HSBC Bank plc and UBS AG, London Branch.
Initial Hedge Counterparties	Expected to be HSBC Bank plc, whose registered office is at 8 Canada Square, London E14 5HQ, Bank of America N.A. and UBS AG.
Principal Paying Agent, Calculation Agent, Registrar, Paying Agent and Transfer Agent	HSBC Bank plc, whose registered office is at 8 Canada Square, London E14 5HQ.
Irish Paying Agent	HSBC Institutional Trust Services (Ireland) Limited, whose registered office is at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2.
Issuer Corporate Services Provider	Structured Finance Management Limited, a private limited company incorporated in England and Wales with company registration number 03853947 and having its registered office at 35 Great St. Helen's, London EC3A 6AP.
Listing Agent	A&L Listing Limited, a private limited company incorporated in Ireland with its registered office at International Financial Services Centre, North Wall Quay, Dublin 1, Ireland.

THE PROGRAMME

Amount	The Issuer may, under the Programme, issue Notes in a maximum aggregate principal amount outstanding at any one time of £5,000,000,000 unless increased from time to time by the Issuer in accordance with the Programme Agreement. The net proceeds from the issue of each Tranche of Notes will be on-lent to FinCo under the terms of the Intercompany Loan Agreement to be applied by FinCo in accordance with its Permitted Business.
Issue Dates	Issue Dates will fall on such dates as may be agreed between the Issuer, the Issuer Trustee and the Dealers from time to time.
Issuance in Series and Tranches	The Notes will be issued in Series having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in Tranches on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Final Terms. The terms of each Series of Notes will be governed by the Conditions, as set out in the section of this Prospectus entitled

	"Terms and Conditions of the Notes" on page 185 below, and as modified in respect of each Series or Tranche of Notes as set out in the applicable Final Terms.
Form of Notes	Each Series of Notes will be issued in bearer and/or registered form, in each case as specified in the relevant Final Terms. Registered Notes will not be exchangeable for Bearer Notes and vice versa.
Bearer Notes and Registered Notes	The Notes may be issued as Bearer Notes or Registered Notes. Each Tranche of Bearer Notes will be represented on issue by a Temporary Global Note if (i) Definitive Notes are to be made available to Noteholders following the expiry of 40 days after their Issue Date or (ii) such Notes are being issued in compliance with the TEFRA D Rules; otherwise such Tranche will be represented by a Permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "Global Certificates".
Clearing Systems	Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer.
Initial Delivery of Notes	On or before the Issue Date for each Tranche, if the relevant Global Note is a NGN or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Principal Paying Agent, the Issuer Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Denomination of Notes	Notes will be issued in such denominations as specified in the relevant Final Terms, save that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in an EEA State in circumstances which require the publication of a

	prospectus under the Prospectus Directive, the minimum specified denomination shall be £100,000.
Status and Ranking	Each Tranche of Notes will be constituted by the Note Trust Deed and will be secured by the Issuer Security created under the Issuer Deed of Charge. The Notes will constitute secured, direct, unconditional and unsubordinated obligations of the Issuer. Each Tranche of Notes will rank *pari passu* and *pro rata* without preference or priority in point of security among all other Tranches of Notes.
Security for the Notes and other Secured Obligations	The Notes will be secured by first ranking security created pursuant to the Issuer Deed of Charge. The Issuer Trustee holds the benefit of such security on trust for the Issuer Secured Participants.
Interest	Notes will be interest-bearing and interest will be calculated on the Outstanding Principal Amount of each such Note. Interest will accrue at a fixed or floating rate and will be payable in arrear, as specified in the relevant Final Terms, or on such other basis and at such rate as may be so specified and in Sterling. Interest on the Notes will be payable by reference to successive interest periods on the payment dates specified in the relevant Final Terms.
Currency	Subject to compliance with all relevant laws, regulations and directives, Notes will be issued in Sterling only.
Types of Notes	The Issuer may issue fixed rate Notes or floating rate Notes as specified in the Final Terms.
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in Sterling governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or (ii) by reference to LIBOR as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
Withholding Tax	Payments of interest, principal and premium (if any) on the Notes will be made without withholding or deduction for, or on account of, any tax withheld or assessed by the United Kingdom unless required by law. None of the Issuer, any Paying Agent or any other person will be obliged to pay any additional amounts to Noteholders in respect of any amounts required to be withheld or deducted.

Issue Price	Notes may be issued at any price, as specified in the relevant Final Terms.
Term and Final Redemption	Notes may be issued for any maturity greater than 365 days, as specified in the relevant Final Terms, and subject to the date of legal final maturity thereof being at least 5 years after the date of maturity of the corresponding ICL Loans made by the Issuer to FinCo. As a general matter, the incurrence by FinCo of Senior Debt Obligations (including by way of the borrowing of the proceeds of issuance of a Tranche of Notes under the Programme under an ICL Loan) must comply with the Maturity Restrictions, as defined in the section of this Prospectus entitled *"Glossary of Defined Terms"* on page 233 below.
Optional Redemption	There will be various optional early redemption features in the Conditions of the Notes, including customary redemption in the event of adverse changes in tax law. These options will be selected by the Issuer in the relevant Final Terms.
Mandatory Redemption	If the Issuer receives any monies in prepayment of all or any ICL Loan, the Issuer will apply an equal amount towards redemption of the relevant Tranche of Notes.
Purchases	FinCo, any other Obligor or Non-Restricted Group Entity resident for tax purposes in the United Kingdom may at any time purchase Notes in accordance with applicable law and the provisions of the Common Terms Agreement. Any Notes purchased by FinCo or another Obligor will be surrendered to the Issuer, and upon surrender of any such Note to the Issuer, the Note will be cancelled (with a corresponding deemed repayment of an equivalent proportion of the principal amount outstanding under the related ICL Loan). Any Notes purchased by Non-Restricted Group Entities do not need to be surrendered to the Issuer and cancelled, but they will (so long as they remain outstanding and held by a Non-Restricted Group Entity) have no voting rights and will not count as 'outstanding' for voting purposes. Non-Restricted Group Entities may, however, attend Noteholder meetings. Details of any Notes held by any Obligor or any Non-Restricted Group Entity and the amount of such holding will be included in each Investor Report.
Ratings	The rating expected to be assigned to any Tranche of Notes as at their Issue Date is Asf from S&P. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms. The ratings of the Rating Agency do not address the likelihood of receipt by any Noteholder of any redemption premium. Tranches of Notes will be rated or unrated. 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. Each credit rating should be evaluated independently of any other rating and, among other things, will depend on the performance of the business of the Security Group from time to time.

Admission to trading and listing

Application has been made to the Irish Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to trading on its regulated market and the Notes of any Series issued under the Programme may be listed on the Irish Stock Exchange or any other exchange or may be unlisted.

Governing Law

The Notes will be governed by English law.

Selling Restrictions

There are restrictions on the offer, sale and transfer of the Notes in the United Kingdom and the United States, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale*" on page 226 below).

Limited Recourse and Non-Petition

All the Notes are limited recourse obligations of the Issuer and, if the Issuer has insufficient funds to pay amounts in full, amounts outstanding will cease to be due and payable as described in more detail in Condition 13 (*Enforcement, Limited Recourse and Non-Petition*).

The Noteholders shall not be entitled to take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer unless the Issuer Trustee, having become bound to do so, fails to do so within a reasonable period and such failure is continuing. Please see Condition 13 (*Enforcement, Limited Recourse and Non-Petition*).

Investor Reports

FinCo will be obliged to make available, on a semi-annual basis, to the Obligor Security Trustee, the Issuer Trustee, the Issuer and the Rating Agency a duly completed Investor Report, containing the information required pursuant to the Common Terms Agreement, and to post the same on the investor relations section of the website of the Parent at http://www.intugroup.co.uk/investors/shareholders-bondholders/.

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 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.

Risks Relating to the Security Group's Business Operations

The Security Group faces inherent risks relating to property investment activities.

FinCo is a special purpose vehicle established specifically for the purpose of the Programme with no business operations other than those activities related to its participation in the transactions described in this Prospectus. FinCo's ability to meet its obligations under the Intercompany Loan Agreement and the ability of the Obligors to meet their obligations under the Obligor Guarantees is dependent, *inter alia*, on (i) the performance of the Security Group's business and, in particular, on the Properties and the payment by the Tenants of rents pursuant to their relevant Leases, and (ii) the ability of the PropCos to generate continuing Rental Income from the Properties when Leases expire or break options are exercised by Tenants, and to maintain the value of the Properties at a total amount sufficient to repay its debt.

Revenue earned from, and the value of, the Properties and the Operating Expenses of the Security Group 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 Properties;

(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 space in the Properties, and the cost thereof;

(vi) the Security Group's ability to collect rent and service charge payments from Tenants on a timely basis or at all;

(vii) the Security Group's ability to manage increases in the cost of services provided by third-party providers and/or increases in the cost of maintaining properties 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 a Property, all of which could hinder or delay the sale or re-letting of a Property;

(ix) whether the Properties are perceived as attractive, convenient, geographically well-located and safe in order to attract high quality Tenants and to maintain footfall levels at the Properties;

(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 particular Properties may also be restricted by legislative actions, such as revisions to existing laws or the enactment of new laws; and

(xi) the Security Group's ability to obtain adequate maintenance or insurance cover on commercial terms and at acceptable premiums or at all.

Such factors could have an adverse effect on the Security Group's business, financial condition and/or results of operations, which could in turn have a material adverse impact on the ability of FinCo to make repayments under the ICL Loans and, in turn, the ability of the Issuer to meet its obligations under the Notes. Certain of these risks which the Security Group 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 Security Group's revenue.

The Security Group's ability to generate revenues from its Portfolio 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 Security Group's control, including, but not limited to: the underlying performance of the Tenants that rent space in the Properties, 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 Security Group manages its Properties to maintain occupancy levels and the level of Rental Income, and conversely tries to minimise vacancies and a consequent reduction in Rental Income and Service Charge income, in a weak economic environment it may be required to accept lower rents and lease terms which are less favourable to the Security Group, in each case than it would otherwise have chosen to do. See the risk factors "*Anchor tenants, and other major tenants, and multiple tenants, who provide a significant portion of the Security Group's Rental Income, are exposed to deteriorating consumer spending in periods of economic uncertainty*" and "*The quality of Tenants and occupancy levels at the Properties may decline over time as Leases expire, having an adverse effect on the Security Group's business, financial condition and results of operations*" on page 24 and 25 below for further details.

Prospective investors should note that a number of factors, including the number and diversity of Tenants in the Properties comprising the Portfolio, the size of the Properties and their associated catchment areas, together with the geographic diversity of the Properties comprising the Portfolio (each as required by the Asset Criteria including the requirement that any Property included in the Portfolio must constitute a Prime Shopping Centre) should help to mitigate the negative effect on the Rental Income of the Properties comprising the Portfolio derived from deteriorating conditions in the real estate market and the wider economy. As an indication, the Rental Income during the period of 2008 to 2009 in relation to the Initial Properties comprising the Initial Portfolio fell by only approximately 4% notwithstanding the difficult market conditions at that time. In addition, as further discussed in the summary of the provisions of the Common Terms Agreement under *'Description of the Principal Transaction Documents'* on page 109 below, a decline in the valuation of the Portfolio, and in the cash flows available to the Security Group to service its debts, will be monitored through the semi-annual testing of the LTV and Historical ICR, with a sufficient decline in either of these measures leading to the imposition on the Security Group of a more restrictive covenant regime and, ultimately, to an Obligor Event of Default.

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

The Security Group 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 Security Group's shopping centres compete with other retail offerings within their 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 Security Group's ability to retain Tenants, lease space and on the level of rent it can obtain.

Further, retailers at the Security Group's shopping centres face increasing competition from other forms of retailing, such as retail parks, supermarkets, discount shopping centres and clubs, outlet malls, catalogues, video and home shopping networks, direct mail, telemarketing and shopping via the internet, all of which impact on the demand for the Security Group's retail space. For further information, please see the section of this Prospectus entitled "*The Portfolio – Portfolio Data and Commentary – Shopping Centre Market Commentary*" at page 99 below.

Any of the foregoing factors could have an adverse effect on the Security Group'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 Properties comprising the Initial Portfolio and (consequently) the convenience of the Properties as 'one-stop shops' for customers able to meet all or the majority of their retail requirements in a single place, the size of the Properties, their brand recognition and prominence within their associated catchment areas, the geographic diversity of the Properties comprising the Initial Portfolio as required by the Asset Criteria, the minimal overlap in such Properties' 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 Properties comprising the Initial Portfolio derived from excessive competition.

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

5 Tenants represent 20 per cent. of the Security Group's rent roll. Multiple retailers, being Tenants who account for a number of different stores across the Properties in the Portfolio, represent over 90 per cent. of the Security Group's rent roll. 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 when it expires, could adversely affect the Security Group's business, financial condition and/or results of operations as the Security Group regards such Tenants as playing an important part in generating customer traffic and making shopping centres desirable locations at which to shop. Within the last year, certain retailers have experienced financial difficulties; some of these retailers have gone into administration, including, since 31 December 2012, HMV, Jessops and Republic. 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 Portfolio – Portfolio Data and Commentary – Tenant Concentration*" on page 97 below for further details.

If the financial condition of Tenants suffers, the Security Group may 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 Security Group'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 relevant Property.

In this regard, however, prospective investors should be aware that each Property Administrator, which pursuant to the Property Administration Agreement has entered into an agreement with the PropCos, FinCo and the Obligor Security Trustee to manage and administer the Properties in the Portfolio, has agreed to do so in accordance with the principles of Good Industry Practice, and in particular to actively manage the Properties and to exercise reasonable skill, care and diligence in the performance of its duties. As such, it is expected that any actions taken by the relevant Property Administrator to manage the relationship with a Tenant or Tenants in difficulty will be taken in the context of these duties, and with the aim of bringing the maximum benefit, or minimum adverse effect, possible to the Security Group. Prospective investors should also note that each Property Administrator is a member of the Group, and has access to a team of Group employees that has long-standing experience of actively managing the respective Properties and relationships with Tenants in the manner described above.

External events beyond the control of the Security Group may have a negative impact on footfall at the Security Group's shopping centres.

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

Furthermore, terrorist attacks, war or natural disasters could damage the Properties or associated transport infrastructure or otherwise inhibit or prevent access to the Security Group's shopping centres or harm the demand for and the value of the Security Group's Properties, or discourage consumers from shopping in public places including the Security Group's shopping centres. While the Security Group 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 Security Group may be insufficiently insured against all losses, damage and limitations of use of its Properties*" on page 29 for further details.

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

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

During the term of the Intercompany Loan Agreement, the majority 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. There can be no assurance that the Tenants will renew their respective Leases 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 relevant Obligor 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 Properties in the Portfolio*" on page 32 below). In addition, there can be no assurance that a significant number of existing and/or future leases will not expire at the same time or within a short period of each other, either with respect to any particular Property or across the whole Portfolio, thereby concentrating any such occupancy risk within a limited time period. However, and as referred to above, the Property Administrators have access to an experienced team of Group employees accustomed to actively managing the respective Properties and relationships with Tenants in such a manner as to mitigate and minimise such risks. Please see the section of this Prospectus entitled "*The Portfolio*" page 92 for further information.

The ability of the Obligors to attract new Tenants paying rent levels sufficient to allow them to meet their obligations under the Finance Documents will depend on demand for space at each Property and on the regional economy in the relevant 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 relevant 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 relevant 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 Properties, could have an adverse impact on the Security Group's business, financial condition and/or results of operations. Prospective investors should note that a number of factors relating to the nature of the Properties in the Portfolio (such as the convenience of the Properties as 'one-stop shops' for customers able to meet all or the majority of their retail requirements in a single place, the size of the Properties, their brand recognition and prominence within their associated catchment areas), together with the requirement that the Property Administrators actively manage the Properties in accordance with Good Industry Practice and in accordance with reasonable skill, care and diligence, should help to mitigate the risk of a decline in the quality of Tenants or occupancy levels at the Properties. Please see the section of this Prospectus entitled *'The Portfolio'* for further information on the Tenants and vacancy rates applicable to the Properties.

The geographic concentration of the Initial Portfolio within a relatively limited number of locations exposes the Security Group to adverse economic changes within each such location and its associated catchment area.

The Initial Portfolio is situated in four locations in the United Kingdom. The Tenants, and consequently the Rental Income of each Property, are exposed to changes in the local economies relating to the respective location of each Property and its associated catchment area. A deterioration in any of such local economies could have an adverse impact on the Security Group's business, financial condition and/or results of operations which could adversely affect the ability of the Obligors to meet their obligations under the Intercompany Loan Agreement and the other Finance Documents and, in turn, the corresponding ability of the Issuer to make payments under the Notes when due. As referred to above, however, prospective investors should note that the minimal overlap in the catchment areas of the Properties comprising the Initial Portfolio has historically helped to mitigate this risk.

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

The Security Group's Properties, and those which the Security Group may acquire in the future if permitted to do so under the Common Terms Agreement, are relatively illiquid in that there may not be ready buyers with financing who are willing to pay fair value at the time the Security Group desires to sell. In addition, in the case of leasehold properties, consents are often required from landlords to transfer such properties. Such illiquidity and/or consent requirements may affect the Security Group's ability to dispose of, or liquidate part of, its Portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. In the case of an accelerated sale or a sale required for compliance with covenants contained in the Common Terms Agreement, or in the event of Enforcement Action by the Obligor Security Trustee in accordance with the STID, there may be a significant shortfall between the carrying value of the Property on the Security Group's consolidated balance sheet and the price achieved on the disposal of such Property, and there can be no assurance that the price obtained from such a sale would cover the book value of the Property sold.

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 any Properties at prices reflecting the Security Group's Property Valuations. In addition, the lack of relevant transactional evidence increases the possibility of being unable to achieve successful sales of Properties at an acceptable price. Failure to achieve successful sales of Properties in the future at acceptable prices could have an adverse effect on the Security Group's business financial condition and/or results of operations, which could in turn have a material adverse impact on the ability of the Security Group to meet its obligations with respect to the ICL Loans and, in turn, the ability of the Issuer to meet its obligations under the Notes.

Reports and Valuations given in relation to the Portfolio will not be independently verified by any of the Issuer, the Obligor Security Trustee or the Issuer Trustee.

The valuations given in relation to the Portfolio are inherently subjective and uncertain, and are based on assumptions which may prove to be inaccurate. In connection with the initial offering of the Notes on the Initial Issue Date, DTZ has produced a Valuation (dated as of 31 December 2012 and set out at Annex 2 ("*Valuation Report*") of this Prospectus) valuing the Portfolio at £2,305,500,000. However, neither that Valuation (nor any further Valuations prepared in connection with the Portfolio) will be independently verified by any of the Issuer, the Obligor Security Trustee or the Issuer Trustee, and there can be no assurance that the Market Value of a Property or the Portfolio as a whole will continue to be equal to or exceed the valuations given to it in the Valuation. Each Valuation is inherently subjective due to, among other factors, the individual nature of each Property, its location and the expected future rental revenues from that particular 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 Obligor Security Trustee or the Issuer Trustee. In addition, as "prime" real estate assets, the Properties 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 any of the Properties in a distress or liquidation sale. In addition, due to the inherently subjective nature of a valuation (i) it is unlikely that any two valuers will determine the same market value of a property, even if provided with the same information relating thereto, and as such (ii) a margin of error between two valuations is commonly accepted.

The assumptions and risks relating to the Valuation are set out in section "*Assumptions and source of information*" of the Valuation, attached at Annex 2 ("*Valuation Report*") of this Prospectus.

By way of mitigating risks arising from a potential divergence between the latest Valuation of a Property and the current value of such Property, prospective investors should note that the Common Terms Agreement provides that should the Obligor Security Trustee request a Valuation to be undertaken and that Valuation shows that the Total Collateral Value of the Portfolio is such that the T3 Covenant Regime would have applied had that Valuation been used for testing the LTV and the Valuation showed a variance of 7.5% or more from the Obligor's prior valuation, the Valuation requested by the Obligor Security Trustee shall prevail and the T3 Covenant Regime shall apply.

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

Despite recent signs of stabilisation in the UK real estate market, there can be no assurance that the Valuations obtained with respect to the Properties in the Portfolio 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. 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 values of the Properties are 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 each relevant Property. See also the risk factor entitled "*Deterioration in the UK commercial real estate market could have an impact on the Security Group's revenue*" on page 23 above. If the Total Collateral Value of the Portfolio were to decline, this could negatively impact (i) the ability of the Security Group to comply with its obligations under the Finance Documents, and (ii) the ability of the Group to refinance the Financial Indebtedness of the Security Group.

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

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

For example, there could be changes in retail tenancy laws that limit the Security Group's recovery of certain property operating expenses, changes or increases in real estate taxes that cannot be recovered from the Security Group's Tenants or changes in environmental laws or building regulations that require significant capital expenditure. A number of Leases entered into by the Security Group exclude the Landlord and Tenant Act 1954 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 Security Group 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 Security Group and the overall profitability of the Security Group in the future. Nevertheless, prospective investors should note, as highlighted above, that the Property Administrators are members of the Group, have access to a team of Group employees that has long-standing experience of managing the respective Properties, and are accustomed to actively managing the Properties in order to reduce and mitigate such risks.

Changes in existing laws or regulations, or in their interpretation or enforcement, could require the Security Group 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 Security Group's business, financial condition and/or results of operations.

The Security Group is at risk of the compulsory acquisition of any of its Properties 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 a Property or part of a Property, compensation would be payable on the basis of the value of all owners' and tenants' proprietary interests in that 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 Security Group's assessment of the Property's current market value (or the relevant apportionment of such market value where only part of a Property is subject to a compulsory purchase order).

In the case of an acquisition of the whole or part of that property, the relevant freehold or feuhold, or heritable or long leasehold estate and any lease would both be acquired. If the amount received from the proceeds of purchase of the relevant freehold or feuhold, or heritable or long leasehold estate were inadequate, the Security Group'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 FinCo to make repayments under the ICL Loans and, in turn, the ability of the Issuer to meet its obligations under the Notes.

There may be a delay between the compulsory purchase of a 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 value. Should such a delay occur in the case of any Property, then, unless the Obligors have other funds available to them this delay may prejudice their ability to meet their obligations in respect of the Intercompany Loan Agreement and the other Finance 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 Security Group as compensation as a result of any compulsory acquisition of a Property, are required to be applied in the prepayment of Senior Debt Obligations, as more particularly described below in the section of this Prospectus entitled *'Description of the Principal Transaction Documents – Common Terms Agreement'* on page 109 below.

The Security Group may be insufficiently insured against all losses, damage and limitations of use of its Properties.

The Common Terms Agreement requires the Security Group to maintain or procure that there is maintained certain insurance cover with respect to the Portfolio consistent with market practice. In particular, the Security Group is obliged to maintain insurance protecting each PropCo from, *inter alia,* loss of rent on all occupational tenancies for a period not less than the greater of (1) five years (or, if less, the remaining full unexpired term) and (2) such period as may be required pursuant to the relevant Leases in respect of the relevant Property, resulting (in each case) from subsidence and other risks usually covered by a reasonably prudent owner of such a property.

Such requirement will be subject to the availability of such insurance generally in the global insurance market. The Security Group 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 Security Group'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 a Property if it is damaged or destroyed. Under such circumstances, the insurance proceeds, if any, may be inadequate to restore the Security Group's economic position with respect to the affected real estate. Should an uninsured loss or a loss in excess of insured limits occur, the Security Group could lose capital invested in the affected Property as well as anticipated future revenue from that Property. In addition, the Security Group could be liable to repair damage caused by uninsured risks. The Security Group would also remain liable for any debt or other financial obligation related to that property. There can be no guarantee that the level of insurance cover for the Security Group 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 Security Group has to make a payment, there could be an adverse effect on the Security

Group's business, financial condition and/or results of operations. This could, in turn, have a material adverse impact on the ability of FinCo to make repayments under the ICL Loans and, in turn, the ability of the Issuer to meet its obligations under the Notes.

There is a risk of accidents involving the public at shopping centres and associated Eligible Property owned by the Security Group. 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 Security Group's reputation, business, financial condition and results of operation. In such instance, the Security Group'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 FinCo to make repayments under the ICL Loans and, in turn, the ability of the Issuer to meet its obligations under the Notes.

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

The Security Group engages in Development activities. As at the date of this Prospectus, the Security Group was committed to £22 million of Development expenditure, including the Charter Place Development and developments at Lakeside of the food court and the construction of a hotel.

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 Security Group to provide rental or capital incentives to Tenants or purchasers (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 Security Group's business, financial condition and results of operations*" on page 24 above).

In addition, there are risks associated with (i) the failure to obtain title to property, and (ii) failure by third parties, including failure to complete a compulsory purchase order by a local authority. In addition, the Security Group 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, or if any partner or partners of an Obligor in a joint venture whose Property is undergoing development fails to provide its share of the necessary development funding) 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 relevant Obligor, or companies in which an Obligor owns an Eligible JV Interest, in connection with actual or alleged defects in the Property. Please see "*The Security Group may be insufficiently insured against all losses, damage and limitations of use of its properties*", page 29, above.

Consequently, there can be no assurance that the existing or future development of property by the Security Group will not have an adverse effect on the Security Group's business, financial condition and/or results of operations. This could, in turn, have a material adverse impact on the ability of FinCo to make repayments under the ICL Loans and, in turn, the ability of the Issuer to meet its obligations under the Notes.

The Common Terms Agreement contains certain restrictions on the nature, scope and amount of Developments which may be undertaken by the Obligors, depending (in part) on which covenant regime is in force at any time. In particular, under the Common Terms Agreement, the Obligors may only undertake a Development where it is consistent with the Permitted Business of the relevant Obligor, and where the Obligors are able to certify that 110% of the Contracted Development Costs of all on-going Developments at the relevant time is less than the aggregate of funds available to the Obligors, on a committed (but not drawn) basis in writing, to fund the same. In addition, at no time may total aggregate Contracted Development Costs (but for these purposes including costs already paid) exceed 15 per cent. of the current Total Collateral Value or, if the T2 Covenant Regime is applicable, 10 per cent. of the current Total Collateral Value, and no Development may, when aggregated with all other Developments then on-going, have a negative impact on the EBITDA of the Security Group greater than either (a) 10% on a Portfolio basis or (b) 25% in respect of the individual Property in respect of which the Development will be undertaken. In the T3 Covenant Regime, no Development may be undertaken without the consent of the independent Property Manager. Please see the section of this Prospectus entitled *'Description of the Principal Transaction Documents – Common Terms Agreement'* on page 109 for further details.

The Obligors are dependent upon the Property Administrators to manage and service the Properties.

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

The Property Administrators, all of whom are members of the Group and have access to a team of Group employees that has long-standing experience of actively managing the Initial Properties, will be appointed by the Security Group to provide management and administration services to the Security Group in respect of the Properties under the terms of the Property Administration Agreement. See "*Description of the Principal Transaction Documents —Property Administration Agreement*" on page 183 below.

The Property Administrators have agreed to perform the services with due skill and care to the standard of a professional service provider engaged in the provision of services of a similar nature to persons carrying on businesses of a similar nature to those of the service recipients. Any failure by the Property Administrators to provide the services to the required level could adversely affect the business of the Security Group which, in turn, could adversely affect the ability of the Obligors to meet their obligations under the Finance Documents.

However, the Property Administration Agreement is capable of termination by the Obligors and the Property Administrators in certain circumstances (see "*Description of the Principal Transaction Documents – Property Administration Agreement*" on page 183 below). The Property Administrators may only terminate the Property Administration Agreement if, among other things, a substitute property administrator is appointed. No assurance can be given that, where required, a substitute property administrator can be found who would (i) be willing to provide equivalent services to the Security Group to the same standard as the Property Administrators which are members of the Group, (ii) have the required expertise or experience of managing the Properties, or (iii) who would be willing to be appointed at the same fee or at all.

Any delay or inability to appoint a substitute Property Administrator may adversely affect the ability of the Obligors to meet their obligations under the Intercompany Loan Agreement and the other Finance Documents.

Please also see the risk factor "*The Group's success depends on attracting and retaining key personnel*" below.

The Group's success depends on attracting and retaining key personnel.

The Group's success depends, to a significant extent, on the continued services of its executive management and property administration teams, which have substantial experience in the property industry. In addition, the Group's ability to continue to identify and develop properties depends on the management'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. 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 Security Group's business, financial condition and/or results of operations which could, in turn, have a material adverse impact on the ability of FinCo to make repayments under the ICL Loans and, in turn, the ability of the Issuer to meet its obligations under the Notes.

See also the risk factor "*The Obligors are dependent upon the Property Administrators to manage and service the Properties*" on page 31 above.

The Unaudited Combined Summary Financial Information included in this Prospectus may not be indicative of the Security Group's results of operations had it operated as a combined commercial group or its future results of operations.

SGS HoldCo and its subsidiaries have not in the past constituted a combined commercial group, and as a result the Security Group has not prepared audited consolidated financial statements for the Security Group as a single consolidated group. The Unaudited Combined Summary Financial Information included in this Prospectus is prepared on a basis which aggregates, on an unaudited basis, financial data from the financial statements of those Obligors whose financial statements are audited and the unaudited financial statements of Victoria Centre Co 3 and Victoria Centre Co 4 (who, as dormant companies, are not required to prepare audited financial statements). See "*Unaudited Combined Summary Financial Information*" on page 83 below for a summary of some of the material adjustments which have been made in order to present this summary, unaudited consolidated financial information. See Annex 1 Obligors Financial Statements on page 299 below for the financial statements of the Obligors.

Accordingly, the Unaudited Combined Summary Financial Information is provided for illustrative purposes only and does not present what the Security Group's actual results of operations would have actually been had (i) the Security Group operated as a combined commercial group during the periods presented in the Unaudited Combined Summary Financial Information and (ii) audited consolidated financial statements of the Security Group as a consolidated group been prepared for the periods presented in accordance with UK GAAP or IFRS. In addition, the Unaudited Combined Summary Financial Information should not be construed to be indicative of the future operating results or financial position of the Obligors or the Security Group.

Risk Factors Relating to the Properties in the Portfolio

Certain investigations of the title of the Obligors to the Properties 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 Properties which would, if known, affect their Market Value. 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 title.

In respect of each of the Properties, Certificates of Title were produced in a form recognisable and generally accepted within the legal profession to evidence and certify thorough title investigations. In producing these Certificates of Title, a sampling approach was taken to the review of Leases as described below.

With respect to Lakeside (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 rental income per Property, in the case of each sample selection, based on the Tenants and Leases in place at Lakeside as at 14 February 2013 and excluding any Tenants in administration or whose Leases have expired.

With respect to Braehead (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 rental income per Property, in the case of each sample selection, based on the Tenants and Leases in place at Braehead as at 11 December 2012 and without excluding those Tenants in administration (namely HMV and Republic who, together, account for approximately 3.6 per cent. of total rental income for Braehead)[1].

With respect to The Harlequin (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 rental income per Property, in the case of each sample selection, based on the Tenants and Leases in place at The Harlequin as at 17 January 2013 and excluding any Tenants in administration or whose Leases have expired.

With respect to the Victoria Centre, the Leases of the Tenants accounting for the 20 highest rental incomes in the Victoria Centre were reviewed (the aggregate rental income of which accounted for approximately 55 per cent. of the rental income for the Victoria Centre), together with a representative cross-sample of an additional 30 Leases (the aggregate rental income of which accounted for approximately 13 per cent. of the total rental income for the Victoria Centre), in the case of each sample selection, based on the Tenants and Leases in place at the Victoria Centre as at 14 February 2013 and excluding any Tenants in administration or whose Leases have expired.

The certificates or reports of title address the quality of the title of the Properties on the basis of a review of the title documents together with usual conveyancing searches and enquiries detailed in the certificates or reports of title.

Not all of the assets in the Portfolio comprise real property.

The Obligors are permitted to introduce into the Portfolio certain non-property assets (such as interests in partnerships and joint ventures), provided that the Obligors comply with the criteria applicable to an Eligible JV Interest. See further the definition of '*Eligible JV Interest*' in the section of this Prospectus entitled "*Glossary of Defined Terms*" on page 233 below.

In the case of partnerships and joint ventures which are not wholly owned by the Security Group the following issues arise:

(a) the partnership or joint venture owns the underlying property and not the Obligor. Accordingly, the underlying property itself is not being charged as a Property as part of the Portfolio. Instead the Obligor's interest in the partnership or joint venture is being charged. Therefore, on an enforcement, the Obligor Security Trustee will acquire the Obligor's partnership interest, not the underlying property. There may be certain restrictions on enforcement by way of transfer of such partnership interests.

[1] The Lease relating to Next is operating under "tacit relocation", namely the expiry date under the Lease has occurred but the Lease has not been terminated and so continues for 1 year at a time (on a rolling basis) on the same terms and conditions, unless either party serves a termination notice.

Further, the underlying property would not fall within the covenants or representations and warranties contained in the Common Terms Agreement (as to which see "*Description of the Principal Transaction Documents – Common Terms Agreement*" on page 109 below) which would usually apply to the Properties;

(b) the nature of any Eligible JV Interest may mean that it is not as marketable as a direct ownership interest in real estate and, in addition, although such Eligible JV Interests are accounted for by the Security Group by reference to the value of the relevant Property and the percentage interest of the Security Group held in such joint venture, the value of such Eligible JV Interest if sold may not equate to the corresponding percentage of the book value of the relevant underlying Property as accounted for by the Security Group;

(c) by definition, control of joint ventures is shared with the Security Group's joint venture partners, and the Obligors will not be able to exclusively direct the strategy and operating decisions, nor will they have direct day-to-day financial control of the joint venture entities. In particular, material decisions relating to the joint ventures are likely to require the consent of both joint venture partners, which may restrict the Security Group's ability to proceed with a planned operational change, acquisition, disposal or development, or the refinancing or repayment of debt. Conflict with joint venture partners or co-owners may lead to deadlock and result in the Security Group being unable to pursue its desired strategy or exit the joint venture other than on disadvantageous terms; and

(d) the security granted over the Obligor's interests in the partnership or joint venture will not allow for complete control over the partnership or joint venture in an enforcement scenario because the interests of other joint venture partners will not be charged. Generally, the agreement of both partners will be required for major decisions, and the Obligor Security Trustee would therefore need to obtain the consent of the other partner in order to make certain decisions in relation to the underlying partnership assets or business.

Nevertheless, any such risks may be mitigated by certain provisions in the agreements governing the relevant joint ventures in order to protect the value of the relevant Eligible JV Interest, including that such partnership or joint venture interest must provide that the underlying partnership or joint venture assets must be held, as to the freehold, leasehold or heritable title, by the relevant joint venture company or partnership, cannot be secured in favour of any third party, may not be sold, and that the joint ventures cannot be levered, in each case, without the consent of each partner in such joint venture. In this respect, the Obligors are restricted, pursuant to the Finance Documents, from providing such consent without the consent of the Obligor Security Trustee. In addition, the property assets of a joint venture which constitutes an Eligible JV Interest must be managed by a Group company, and the Obligors will undertake to use reasonable endeavours to manage the same in accordance with Good Industry Practice, and in a manner not materially inconsistent with the property covenants applicable to the Properties (provided that in doing so they are not required to breach the relevant joint venture or partnership agreement). Furthermore, a Ratings Affirmation must be obtained in order for an interest in a joint venture company or partnership to become an Eligible JV Interest and thereby constitute part of the Portfolio.

The Security Group may be liable for environmental issues relating to its current and former operations and properties.

The Security Group may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances located on or in a Property owned by or leased to it at a particular time, or any Property formerly owned by it but subsequently disposed of, including the Victoria House Disposal. 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 Security Group's ability to sell or lease the real estate or to borrow using the real estate 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 Common Terms Agreement as regards compliance with relevant Environmental Laws. See the section of this Prospectus entitled "*Description of the Principal Transaction Documents – Common Terms Agreement*" on page 109 below for further details.

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 Security Group's business, financial condition and/or results of operations. This could, in turn, have a material adverse impact on the ability of FinCo to make repayments under the ICL Loans and, in turn, the ability of the Issuer to meet its obligations under the 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 Properties comprising the Initial Portfolio.

The Portfolio may include Eligible Property, or Properties, in which the relevant Obligor or Obligors hold a leasehold, and not a freehold interest. In the event of a forfeiture (or, in relation to property located in Scotland, irritancy) of a Material Headlease under which such an interest is held, there is a risk of a material diminution in the Market Value of the relevant Property.

Certain Eligible Properties in the Portfolio from time to time, including (in relation to the Initial Portfolio) The Harlequin, is or may be held by the relevant Obligor or Obligors under a leasehold interest under a headlease. In the event of a breach by the relevant Obligor or Obligors of the terms of such a headlease which is not or cannot be rectified, there is a risk of forfeiture (or, in relation to property located in Scotland, irritancy) of the relevant headlease by the competent landlord.

This could have an adverse effect on the Market Value of the Property of which such Eligible Property forms part, which effect could be material.

Under the Finance Documents, in the event of a forfeiture or irritancy of a Material Headlease, then FinCo will be required to prepare and deliver to the Obligor Security Trustee, the Issuer Trustee, the Issuer and the Rating Agency a Compliance Certificate (Post-Forfeiture) on or before the expiry of the Forfeiture Remedial Period. FinCo will be required to provide details of any forfeiture or irritancy of any Material Headlease owned by an Obligor within 5 Business Days of such act having been taken by a competent landlord. In the Compliance Certificate (Post-Forfeiture), FinCo will be required to calculate the transaction's Pro Forma LTV, Projected ICR and Pro Forma Projected ICR, taking into account the forfeiture or irritation of the Material Headlease in question.

As from the date the Compliance Certificate (Post-Forfeiture) is provided to the Obligor Security Trustee, the Pro Forma LTV, Projected ICR and Pro Forma Projected ICR set out in the Compliance Certificate (Post-Forfeiture) will apply for the purposes of determining the then applicable Covenant Regime, until delivery of the next Compliance Certificate in accordance with the Finance Documents. However, notwithstanding that a new Covenant Regime may apply, there will be no assurance that the diminution in Market Value caused by the forfeiture or irritancy of the Material Headlease would not materially prejudice the ability of Noteholders and the holders of other Senior Debt Obligations of the to recover the full amount owed to them in the event of a service of an Enforcement Notice.

Risks Relating to the nature of the Issuer

The Issuer is a Special Purpose Vehicle

The Issuer is an orphan special purpose company with no business operations other than the issue of the Notes, the lending of the proceeds to FinCo under the Intercompany Loan 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, the Dealers 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 FinCo under the Intercompany Loan Agreement. All other Obligors guarantee FinCo's obligations under the Intercompany Loan Agreement.

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

The Obligors may incur additional debt to refinance or increase overall borrowing.

The Obligors may seek to raise additional capital to enable repayment of the Senior Debt Obligations outstanding from time to time or increase overall debt in compliance with the covenant regime in the Finance Documents.

Any refinancing by the Security Group is subject to certain conditions (including, without limitation, 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, and Properties may need to be sold to cover any shortfall (subject to the provisions of the Common Terms Agreement relating to disposals). If Properties are sold, the timing of the sale and the amount of proceeds that may be realised cannot be guaranteed.

Failure of the Security Group to refinance on or prior to the respective maturity dates may result in FinCo defaulting on the corresponding Senior Debt Obligation, including the ICL Loans. Such a default could result in the enforcement of security and the Noteholders may receive an amount less than the then Outstanding Principal Amount on their Notes.

In addition, the Common Terms Agreement permits FinCo (subject to the satisfaction of certain conditions as described in this Prospectus) to incur further and additional Financial Indebtedness, as well as to refinance existing financial indebtedness. Any increase in borrowings as contemplated above could cause the Security Group to become over-indebted and may cause substantial financial stress to the Security Group. In order to minimise this risk, the Finance Documents provide for a restriction on the gross leverage of the Security Group from time to time by restricting the quantum of Senior Debt Obligations which may be raised to 50 per cent. of the Total Collateral Value. Please see the section of this Prospectus entitled "*Description of the Principal Transaction Documents – Common Terms Agreement – General Covenants – Financial Indebtedness*" on page 121 for further details.

Prospective investors should, however, note that the transaction structure and the terms of the Finance Documents include a number of further mitigating factors in relation to the risks associated with refinancing and indebtedness described above. In particular, investors should note that any new Senior Debt Obligations raised by FinCo will be required to comply with certain restrictions, including that the T2 or T3 Covenant Regimes are not then in effect (nor would apply following the raising of such Financial Indebtedness); that certain maturity restrictions are complied with, which cap the amount of Senior Debt Obligations falling due in any 2 year period at 20% of the Total Collateral Value of the Portfolio, and the amount of Senior Debt Obligations falling due more than 25 years after drawdown at 20% of the Total Collateral Value of the Portfolio; and compliance with a 'debt tail', pursuant to which it is required that the Notes have a date of legal final maturity being at least 5 years after the date of maturity of the corresponding ICL Loans made by the Issuer to FinCo.

The Common Terms Agreement affords the Security Group considerable flexibility to dispose of, withdraw, develop or acquire new Obligors and Properties. Accordingly there is no assurance that the Portfolio will remain substantially composed of the same Properties as comprise the Initial Portfolio, or at all.

FinCo and the other Obligors are permitted under the terms of the Common Terms Agreement to change the composition of the Portfolio from time to time, at their discretion. This flexibility is subject to certain restrictions and conditions, all as more particularly described in the section of this Prospectus entitled "*Description of the Principal Transaction Documents – Common Terms Agreement – General Covenants*" on page 118 below. Notwithstanding FinCo and the other Obligors' obligations to comply with these restrictions and conditions (which include, *inter alia* (i) the Asset Criteria, as defined and set out in the section of this Prospectus entitled *'Glossary of Defined Terms'* on page 233 below, and which are intended to ensure the maintenance of the overall quality of the Portfolio, and (ii) the regime governing Permitted Disposals, Permitted Acquisitions and Permitted Withdrawals, including the requirement on the Obligors to repay Senior Debt Obligations in certain circumstances, in each case as more fully described in the section of this Prospectus entitled "*Description of the Principal Transaction Documents – Common Terms Agreement*" on page 109 below), there is no assurance that the Portfolio will remain substantially composed of the same Properties as comprise the Initial Portfolio, or at all.

This flexibility extends to the ability of FinCo, in certain limited circumstances, to re-organise the Security Group, or change the legal nature or structure of one or more Obligors, from time to time (again, subject to the satisfaction of certain conditions). Please see the section of this Prospectus entitled "*Description of the Principal Transaction Documents – Common Terms Agreement – General Covenants*" on page 118 below for further details.

This flexibility is greatest while the T1 Covenant Regime prevails, during which time many of these actions are permitted without the requirement to make a prepayment of Senior Debt Obligations, even if the LTV or Historical ICR would deteriorate as a result (without falling outside the T1 Covenant Regime levels). Outside of the T1 Covenant Regime requirements to prepay debt from disposal proceeds apply and in the T3 Covenant Regime such actions can only be taken with the consent of Property Manager.

Should the characteristics and composition of the Portfolio alter over time (albeit subject to the parameters set out in the Asset Criteria), this may adversely affect the generation by the Portfolio of sufficient revenue to enable FinCo to meet its obligations under the Senior Debt Obligations, including under the ICL Loans outstanding from time to time. In turn, this could materially adversely affect the ability of the Issuer to make payments under the Notes.

The Common Terms Agreement permits the Security Group to raise Third Party Unsecured Financial Indebtedness. These obligations are not included in the calculation of the transaction's financial ratios, and the creditors in respect thereof will not, ordinarily, accede to the Common Documents.

FinCo is permitted to incur Third Party Unsecured Financial Indebtedness from third parties not part of the Group.

Third Party Unsecured Financial Indebtedness is not included in the calculation of the LTV or Historical ICR, and in addition, such third party creditors will not accede to the Common Documents and, accordingly, will not be bound by the restrictions on the actions of Secured Participants contained in the Security Trust and Intercreditor Deed.

If the Security Group does not meet its obligations in relation to any Third Party Unsecured Financial Indebtedness, that third party may take enforcement action against the Security Group which precipitates an Insolvency Event. Prospective investors should note, however, that the incurrence of Third Party Unsecured Financial Indebtedness is restricted in accordance with the UD Headroom Test (see the section of this Prospectus entitled "*Description of the Principal Transaction Documents – Common Terms Agreement – General Covenants – UD Headroom Test*" on page 124 for further details). In addition, the consequences of not meeting their obligations under any Third Party Unsecured Financial Indebtedness are likely to incentivise the Obligors to ensure that such obligations are met.

Please also see "*Description of the Principal Transaction Documents – Common Terms Agreement*" on page 109 below for a more detailed description of the provisions of the Common Terms Agreement governing the raising of additional Financial Indebtedness.

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

The Income generated by the Properties comprises Rental Income and Non-Rental Income. Non-Rental Income comprises, broadly, Tenant service charges and sinking fund payments, as well as VAT.

Non-Rental Income will be available for application by the Property Administrators to or towards the payment of Operating Expenses (the principal component of which will be all amounts recoverable by way of Service Charges payable by any Tenant) of the Security Group. The payment of Operating Expenses is a senior item in the transaction Priorities of Payments, ranking ahead of the obligation of FinCo to make payments of interest and repayment of principal under the Senior Debt Obligations.

To the extent there is a shortfall in the amounts of Non-Rental Income available to meet Operating Expenses, Rental Income is available to make up the shortfall.

Accordingly, potential investors should be aware that Non-Rental Income of the Properties will not be available for debt service, and that should the Operating Expenses of the Security Group increase, and/or should vacancies in the Properties increase such that there is a decline in the Non-Rental Income of the Security Group, there may be a diminution in the Rental Income available to make payment under the Senior Debt Obligations, including under the ICL Loans outstanding from time to time. In turn, this could materially adversely affect the ability of the Issuer to make payments under the Notes.

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

The procedures for the enforcement of the Obligor Security are regulated by the Security Trust and Intercreditor Deed. Even if steps are taken under the Security Trust and Intercreditor Deed to enforce the Obligor Security, such steps may not result in immediate realisation of the Charged Property if market conditions are not conducive, and a significant delay could be experienced in recovery by the Obligor Security Trustee of amounts owed on any ICL Loans and other Senior Debt Obligations. Furthermore, a forced sale of the Properties 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 Obligor Security Trustee would recover amounts sufficient to discharge all Senior Debt Obligations upon enforcement of the Obligor Security, especially if it is directed by the Secured Participants to undertake a sale of the Charged Property 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 FinCo under the Finance Documents (including the Intercompany Loan Agreement) are guaranteed by the other Obligors, which guarantees are supported by the Obligor Security, no other member of the Group (including, without limitation, the Parent) will grant security in respect of its obligations, or those of the Issuer under the Notes.

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 a Hedge Counterparty or Liquidity Facility Provider, which would otherwise be payable *pari passu* with, or senior to, payments under the ICL Loans (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 Obligor Pre-Enforcement Priority of Payments or the Obligor Post-Enforcement Priority of Payments (as applicable). 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 Hedge Counterparty, 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 Payment 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 may be reduced.

Hedge Counterparty and Hedging Agreement

In the event that the relevant Hedge Counterparty were to fail to perform its obligations under the relevant Hedging Agreement, FinCo may have insufficient funds available to it to meet its scheduled payment obligations under the relevant ICL Loan, and accordingly there may be insufficient funds available for the Issuer to make repayment under the relevant Notes.

If a Hedging Agreement terminates, FinCo may be obliged to pay a termination payment to the Hedge Counterparty. The amount of such termination payment will be based on the value of any benefit that would otherwise accrue to FinCo as a result of terminating and replacing the Hedging Agreement. There can be no assurance that FinCo will have sufficient funds available to make any termination payment under the Hedging Agreement if it is unable to procure a replacement Hedging Agreement with a new counterparty from which a corresponding payment is due to FinCo, and/or has insufficient amounts available to it from any collateral which has been posted by the outgoing Hedge Counterparty, or that FinCo, following termination of the Hedging Agreement, will have sufficient funds to make subsequent payments to the Issuer under the relevant ICL Loan, leaving the Issuer with insufficient funds available to make payments to Noteholders in respect of the relevant Tranche of Notes.

Except where the Hedging Agreement is terminated as a result of the Hedge Counterparty's default or pursuant to a downgrade event in respect of the Hedge Counterparty, any termination payment in respect of the Hedging Agreement will rank *pari passu* with payments of interest due on the relevant ICL Loan.

If the Hedging Agreement terminates, there can be no assurance that FinCo will be able to enter into a replacement swap, or if one is entered into, there can be no assurance that the credit rating of the replacement Hedge Counterparty will be sufficiently high to prevent a downgrading of the Notes by the Rating Agency.

In the event of the insolvency of a Hedge Counterparty, FinCo will be treated as a general creditor of the Hedge Counterparty. Consequently, FinCo will be subject to the credit risk of such entity. To mitigate this risk, under the terms of the Hedging Agreement, in the event that the relevant ratings of the Hedge Counterparty fails to meet the required ratings, the Hedge Counterparty may, in accordance with the terms of the relevant agreement, be required to elect to take certain remedial measures within the applicable time frame stipulated in the Hedging Agreement (at its own cost). However, no assurance can be given that, at the time that such actions are required, sufficient collateral will be available to the relevant entity or that another entity with the required ratings will be available to become a replacement Hedge Counterparty, co-obligor or guarantor or that the Hedge Counterparty will be able to take the requisite other action.

Guarantees and security may constitute a transaction at an undervalue or preference.

A liquidator or administrator of an Obligor could apply to the court to unwind the issuance of its Obligor Guarantee or grant of security if such liquidator or administrator believed that issuance of such constituted a transaction at an undervalue.

The Security Group believes that each guarantee 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 each Guarantor incorporated in England and its subsidiaries and that there are reasonable grounds for believing that the transactions will benefit each such Guarantor. However, there can be no assurance that the provision of the guarantees will not be challenged by a liquidator or administrator or that a court would support the Security Group analysis.

If the liquidator or administrator can show that any member of the Security Group have given a "preference" to any person (which could include the giving of a guarantee or the granting of security over its assets) 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, that Obligor 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 transactions (including the giving of guarantees or the granting of security) entered into, or payments (including pursuant to such a guarantee) made by any of the Obligors during the relevant period prior to the liquidation or administration of such Obligor.

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 FinCo is required, in certain circumstances, to set aside funds in order to provide it with additional liquidity and/or to enter into a committed liquidity facility, such funds may not be sufficient and a liquidity facility may not be available.

Under the terms of the Common Terms Agreement, if the T2 Covenant Regime is applicable, and the LTV as at the last Calculation Date is greater than 63.75 per cent. or the Historical ICR as at the last Calculation Date is less than 1.50x, then FinCo is required on each Trap Date to reserve in the Liquidity Account the full amount of the then-applicable Liquidity Reserve Required Amount; or as soon as reasonably practicable to enter into a Liquidity Facility under which committed funds are available up to the same amount. If the T3 Covenant Regime is applicable, then the applicable Liquidity Reserve Required Amount as at each Trap Date will increase.

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, at the relevant time, there will be sufficient Available Funds to permit FinCo to reserve the necessary amounts in full, or at all. If this is the case, Noteholders will be exposed to the risk that, on a future Interest Payment Date, FinCo will have insufficient funds to make payment in full under the Intercompany Loan Agreement, and that the Issuer will, accordingly, have insufficient funds to make payment under the Notes.

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

The STID provides that the Obligor Security Trustee will be entitled to assume, unless it is otherwise disclosed in any Investor Report or Compliance Certificate or the Obligor Security Trustee is expressly informed otherwise, that no Obligor Event of Default or potential Obligor Event of Default has occurred and is continuing. The Obligor 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 Obligor Security Trustee shall not be obliged to make any such determinations and shall be able to conclusively rely on any Investor Report or Compliance Certificate provided to it without being obliged to enquire as to the accuracy or validity of any such investor report or compliance certificate. The

Obligors are, however, obliged to notify the Obligor Security Trustee if they become aware of the occurrence of any Obligor Events of Default.

The ability of the Secured Participants to appoint an administrative receiver is not free from doubt.

At any time after the Security has become enforceable, the Obligor Security Trustee (provided that it is indemnified and/or pre-funded and/or secured to its satisfaction) shall, as directed by the Qualifying Secured Participants, pursue a number of different remedies. One such remedy is (in relation to security held by the Obligor Security Trustee) the appointment of a receiver over specific property or (in relation to security held by the Obligor Security Trustee or the Issuer) over all, or part, of the Properties. Likewise, at any time after the Issuer Security has become enforceable, the Issuer Trustee may (provided it is indemnified and/or pre-funded and/or secured to its satisfaction) pursue a number of different remedies. One such remedy is the appointment of a receiver of all or part of the assets and undertaking of the Issuer.

As a result of the amendments made to the Insolvency Act by the Enterprise Act, the holder of a qualifying floating charge created on or after 15 September 2003 will be prohibited from appointing an administrative receiver and, consequently, will be unable to prevent the chargor entering into administration, unless the floating charge falls within one of the exceptions set out in Sections 72B to 72GA of the Insolvency Act. None of the Issuer (as nominal holder of the floating charges in the Obligor Floating Charge Agreement, although it has assigned its rights thereunder to the Issuer Trustee), the Obligor Security Trustee and the Issuer Trustee will, therefore, be entitled to appoint an administrative receiver over the assets of any Obligor or the Issuer unless the floating charges in its favour fall within at least one of the exceptions.

The exceptions include an exception (the capital markets exception) in respect of, in certain circumstances, the appointment of an administrative receiver pursuant to an agreement which is or forms part of a "capital market arrangement" (as defined in the Insolvency Act). This exception will apply if a party incurs or, when the agreement in question was entered into, was expected to incur a debt of at least £50,000,000 and if the arrangement involves the issue of a capital market investment (also defined in the Insolvency Act but, generally, a rated, traded or listed bond).

Although there is yet no case law on how this exception would be interpreted, the exception should be applicable to the transactions described in this Prospectus so far as concerns the floating charge created by the Issuer under the Issuer Deed of Charge and the floating charges created by the Obligors and granted in favour of the Issuer under the Obligor Floating Charge Agreement (the Issuer's rights under which, and the debts which such floating charges secure, having been assigned by way of security to the Issuer Trustee). However, the exception may not be applicable to the transactions described in this Prospectus so far as concerns the Obligors' floating charges granted under the Obligor Deed of Charge. The Secretary of State may, by secondary legislation, modify the exceptions to the prohibition on appointing an administrative receiver and/or provide that the exception shall cease to have effect. No assurance can be made that any such modification or provisions in respect of the capital market exception will not be detrimental to the interests of the Noteholders. In addition, as the provisions of the Enterprise Act have never been considered judicially, no assurance can be given as to whether the Enterprise Act could have a detrimental effect on the Programme or the Notes issued under the Programme or on the interests of Noteholders.

The Insolvency Act also contains an out-of-court route into administration for a qualifying floating charge holder, the directors or the relevant company itself. The relevant provisions provide for a notice period during which (where notice is given by the directors/company) the holder of the floating charge can either appoint an administrative receiver (if an exception applies), agree to the appointment of the administrator proposed by the directors of the company or appoint an alternative administrator, although the moratorium on enforcement of the relevant security will take effect immediately after notice is given. If the qualifying floating charge holder does not respond to the directors' or company's notice of intention to appoint, the directors', or, as the case may be, the company's appointee will automatically take office after the notice period has elapsed.

The administration provisions of the Insolvency Act give primary emphasis to the rescue of the company as a going concern. The purpose of realising property to make a distribution to one or more secured creditors is subordinated to the primary purposes of rescuing the company as a going concern or achieving a better result for the creditors as a whole than would be likely if the company were wound up. There can be no assurance that such an approach would yield for the Secured Participants of the Security Group, including the Noteholders, realisations in relation to the enforcement of the Obligor Security over the Charged Property of the same level, or within the same time-frame, as would have been possible had an administrative receiver been appointed, or that an administrator would act in a manner consistent with that in which an administrative receiver, directed by the Obligor Security Trustee, would have acted.

If the Obligor Security Trustee or the Issuer Trustee is prohibited from appointing an administrative receiver by virtue of the prohibition referred to above or fails to exercise its right to appoint an administrative receiver within the relevant notice period, and the Obligor or, as the case may be, the Issuer were to go into administration, the expenses of the administration would also rank ahead of the claims of the Obligor Security Trustee, the Issuer or the Issuer Trustee (as the case may be) as floating charge holder. Furthermore, in such circumstances, the administrator would be free to dispose of floating charge assets without the leave of the court, although the Obligor Security Trustee, the Issuer or the Issuer Trustee (as the case may be) would have the same priority in respect of the property of the company representing the floating charge assets disposed of (if any) as it would have had in respect of such floating charge assets.

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 Obligor Security Trustee and the Issuer 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 Obligor Security Trustee will rank ahead of the interest and principal due under the ICL Loans (and, in turn, payments by the Issuer under the Notes). Similarly, such payments to the Issuer Trustee will rank ahead of payments by the Issuer under the Notes. Accordingly, should the Obligor Security Trustee or the Issuer 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 Issuer Trustee or Obligor Security Trustee to such amount) would be reduced accordingly.

The application of the Small Companies Moratorium may limit the ability of the Obligor Security Trustee to enforce the Obligor Security.

Certain small companies, as part of the company voluntary arrangement procedure, may seek court protection from their creditors by way of a "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 (although the Secretary of State for Business, Innovation and Skills may, by order, extend or reduce the duration of either period).

A company is eligible for a moratorium if, at the date of filing for 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 moratorium may change from period to period, depending on its financial position and average number of employees during that particular period. The Secretary of State for Business, Innovation and Skills may by regulations also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a "small company". Accordingly, the Issuer, FinCo or any other Obligor may, at any given time (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement.

During the period for which a 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).

Certain companies which qualify as small companies for the purposes of these provisions may be, nonetheless, excluded from being so eligible for a moratorium. As at the Initial Issue Date, companies excluded from eligibility for a moratorium included those which, at the time of filing for the moratorium, were party to a "capital market arrangement", under which a party had incurred, or when the agreement was entered into expected to incur, a debt of at least £10,000,000 and which involved the issue of a capital market investment. However, the Secretary of State may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible and/or provide that the exclusion shall cease to have effect.

Accordingly, the provisions described above may limit the Issuer Trustee's ability to enforce the Issuer Security or the Obligor Security Trustee's ability to enforce the Obligor Security, to the extent that any of the Issuer or an Obligor, as the case may be, (1) falls within the criteria for eligibility for a moratorium at the time a moratorium is sought, (2) seeks a moratorium in advance of a company voluntary arrangement (as applicable) and (3) is considered not to fall within the capital market exception (as expressed or modified at the relevant time) or any other applicable exception at the relevant time.

Notwithstanding that elements of the Obligor 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 Obligor Security Documents and the Issuer 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 Obligor Security Trustee or, as the case may be, the Issuer 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 Obligor Security Trustee or, as the case may be, the Issuer Trustee in practice.

It should be noted that the Obligor Deed of Charge will contain an express freedom granted to the Security Group to withdraw moneys or transfer securities (including, without limitation, of any Return Amount (as defined in any Hedging Agreement)) from any Hedge Collateral Account from the Obligor Accounts in accordance with the Finance Documents and to deal with Eligible Investments. 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 mortgages over the Properties, these are likely to take effect as fixed security interests.

If the fixed security interests are re-characterised as floating security interests, the claims of (i) the unsecured creditors of the relevant Obligor or, as the case may be, of the Issuer in respect of that part of the Obligor's or, as the case may be, the Issuer's net property which is ring-fenced as a result of section 176A of the Insolvency Act and (ii) 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 Obligor Security Trustee or the Issuer Trustee, as the case may be, to the proceeds of enforcement of such security.

Section 176A of the Insolvency Act provides that where a company has gone into liquidation or administration, or where there is a provisional liquidator or receiver, a "prescribed part" of the company's net property is to be applied in satisfaction of unsecured debts in priority over floating charge holders.

By virtue of the relevant prescribing order, the ring-fencing of the "prescribed part" applies to floating charges contained in the Obligor Security Documents and the Issuer Deed of Charge. The amount available for unsecured creditors will depend upon the value of the chargor's "net property", being the amount of the chargor's property which would otherwise be available for satisfaction of the claims of floating charge holders or holders of a debenture secured by a floating charge. As at the date of this Prospectus, the "prescribed part" has been set as 50 per cent. of the first £10,000 of a company's net property and 20 per cent. of the net property that exceeds £10,000 up to a maximum of £600,000. Where the company's net property is less than a prescribed minimum of £10,000, the liquidator, administrator or receiver may disapply this rule without application to the Court in respect of a company if it thinks that the cost of making a distribution to unsecured creditors would outweigh the benefits. If the company's net property is more than the prescribed minimum, the liquidator, administrator or receiver may apply to the Court for an order that the rule may be disapplied on the same ground. Accordingly, any floating charge realisations upon the enforcement of the Obligor Security and/or the Issuer Security will be reduced by the operation of the ring-fencing provisions.

A receiver appointed by the Obligor Security Trustee or the Issuer Trustee would also be obliged to pay preferential creditors out of floating charge realisations in priority to payments to the Secured Participants and the Issuer Secured Participants (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 Common Terms Agreement and the Issuer Deed of Charge, neither the Issuer nor FinCo is permitted to have any employees and its activities are otherwise restricted. Accordingly, if the Issuer and FinCo comply with the covenants contained in, as applicable, the Common Terms Agreement or the Issuer Deed of Charge, it is unlikely that the Issuer or FinCo will have any preferential creditors.

It should be noted that there is no concept of re-characterisation of fixed security as floating charges under Scots law.

Section 245 of the Insolvency Act provides that, in certain circumstances (in particular, where a person grants a floating charge to a connected person), a floating charge granted by a company may be invalid in whole or in part. If a floating charge is held to be wholly invalid then it will not be possible to appoint an administrative receiver of such company and, therefore, it will not be possible to prevent the appointment of an administrator of such company.

The floating charge created by the Issuer under the Issuer Deed of Charge should not be at risk under Section 245 of the Insolvency Act provided the Issuer was solvent as at the Initial Issue Date. As the Issuer is a special purpose company, it is unlikely to have been insolvent on that date but it did in any event certify it was not insolvent on such date.

The floating charges created under the Obligor Deed of Charge have not been and will not be given to a connected person. However, as noted above, it is unlikely that the capital markets exception will be available in respect of such floating charges in light of the fact that they will primarily secure debt which is not debt owed under capital market investments. The result would not differ if the Issuer were a beneficiary of these floating charges.

The Victoria Centre is held in a Limited Partnership, in respect of which an administrative receiver cannot be appointed.

By virtue of the 1994 Order, the Insolvency Act applies to an insolvent English limited Partnership constituted under the Limited Partnerships Act 1907 (a "**1907 limited partnership**") subject to the modifications set out in the 1994 Order. As a 1907 limited partnership is incapable, under English law, of creating a floating charge over its assets (other than an agricultural partnership) it is not possible for an administrative receiver to be appointed in respect of such a partnership.

The Insolvency Act together with the 1994 Order provides a mechanism whereby an insolvent 1907 limited partnership may be put into administration, in a similar way to a company; that is, the affairs and business of the partnership and the partnership property are managed by an administrator appointed for that purpose. The effect of administration is, among other things, to impose a moratorium so that any winding-up petition must be dismissed and no steps may be taken to enforce any security over the partnership property.

Upon an administrator being appointed, the affairs and business of the partnership and the partnership property should be managed by the administrator. During the period of an administration, *inter alia*, no order may be made for the winding-up of the partnership, no order may be made on the joint petition for bankruptcy of the members as such and most enforcement proceedings including execution and repossession of goods are barred save with the leave of the court.

The Obligor Security Trustee will not be able to prevent an administration of any 1907 limited partnership in which any Obligors are partners, such as the Victoria Centre Partnership, in which the Victoria Centre is held. However, these partnerships have entered into arrangements with a view to allowing the Obligor Security Trustee to manage or dispose of their Properties upon enforcement of the Obligor Security notwithstanding an appointment of an administrator over their assets. The effectiveness of such arrangements, however, could be challenged by an administrator in the courts of England and Wales. There can be no assurance that such a challenge would be unsuccessful and, accordingly, that the security held by the Obligor Security Trustee in respect of those partnerships' Properties would be enforceable in all circumstances. However, the beneficiaries (i.e. partners) of the Victoria Centre Partnership have themselves granted fixed and floating security over all their assets and the shares of those partners (each of which is a company) have also been charged in favour of the Obligor Security Trustee.

Risks relating to Taxation

The following is an outline of certain key United Kingdom taxation issues that arise for the Issuer and the Security Group in relation to the main payment flows connected with the business of the Security 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 (as defined below). It is not a comprehensive analysis of the taxation position of the Issuer and the Security Group.

Taxation — the Security Group

Tax risks associated with 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**") 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 can be given that the Group will qualify or remain qualified as a REIT.

If the Group fails to meet the REIT conditions, the Group could have its REIT status terminated and therefore lose the taxation benefits of the REIT regime. Such a change in tax status may give rise to future tax charges which could substantially reduce the cash available to the Obligors (and thereby available to FinCo to make repayments under the ICL Loans) and, in turn, the ability of the Issuer to meet its obligations under the Notes, given that the previously tax exempt profits will no longer benefit from the REIT exemption. If the Group, during any accounting period, fails to meet certain of the REIT conditions then the taxation benefits of the REIT regime may cease to apply to the Group retrospectively from the end of the previous accounting period.

It should be noted that one of the conditions of maintaining REIT status is the requirement to distribute 90 per cent. of exempt income to shareholders. This is a requirement of the Parent, as the principal company of the Group, and there is no consequential legislative requirement for Obligors to make any such distribution (though if the Obligors were not to make sufficient distributions the Parent may not be able to meet this requirement). Failure to satisfy this distribution test would result in the Parent, and not the Obligors, suffering a tax charge. Breach of this condition may also, in certain cases, result in termination of the Group's REIT status as described above.

In addition, the Parent, but not the Obligors, may become subject to an additional tax charge in certain cases if the Parent fails to maintain the required REIT interest cover ratio or fails to take reasonable steps to avoid paying a dividend to, or in respect of, a corporate shareholder that is beneficially entitled, directly or indirectly, to 10 per cent. or more of the Parent's dividends or share capital or that controls, directly or indirectly, 10 per cent. or more of the voting rights in the Parent.

The Parent will undertake in the Tax Deed of Covenant that, subject to any decision taken as a matter of prudent business management of the Group, it will and will procure that its Subsidiaries will, use reasonable efforts to comply with the REIT conditions, and that it will and will procure that its Subsidiaries will, take reasonable endeavours to prevent circumstances arising which would, broadly, cause the Group to cease to be a REIT where this would (or would unless modified by any direction to the contrary by an officer of HM Revenue & Customs) result in the Group being treated as having retrospectively ceased to be a REIT. Noteholders should be aware that the undertakings made by the Parent in this regard do not prevent the Parent from giving notice to HM Revenue & Customs at any time to the effect that it wishes to terminate the REIT status of the Group. The termination of REIT status in these circumstances would, under the law in force at the date of this Prospectus, however be with prospective, rather than retrospective, effect.

In the case of retrospective terminations of REIT status, the Parent will undertake in the Tax Deed of Covenant to determine the extent of any increase in the tax liabilities of the Security Group that may arise as a result of the loss of the REIT exemption for the period from the date on which the Group is treated as having retrospectively ceased to be a REIT until the date on which REIT status is lost. In certain cases the Parent may provide funds to the Security Group to assist in meeting such additional tax liabilities; however it shall not be obliged to do so, and if the Parent fails to provide such funds where the Security Group cannot itself meet such liabilities out of resources available to it this will trigger an event of default under, *inter alia*, the Intercompany Loan Agreement. In the case of both prospective and retrospective terminations of REIT status, FinCo will also undertake in the Tax Deed of Covenant to re-determine the extent to which it is required to create a tax reserve in respect of contingent liabilities (as described below) as a result of the loss of the REIT exemption from corporation tax on gains arising on acquisitions of United Kingdom investment properties used for the purpose of the property rental business effected at any time in the six years preceding the loss of REIT status.

United Kingdom taxation position of the Security Group.

Under current United Kingdom taxation law and practice, tax exempt profits received by companies within the Security Group 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 Security Group against the profits and losses of its non-tax exempt business. Accordingly, if the Security Group incurs losses in respect of its tax exempt business but makes profits in respect of its non-tax exempt business then the Security Group 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 Security Group’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 companies within the Security Group associated with the borrowing by FinCo under the ICL Loans and other Senior Debt Obligations and on the on-lending of those proceeds within the Security Group which in each case relate to the non-tax exempt business of the Security Group, should, under current law and practice, be deductible from the residual taxable profits, broadly in accordance with their accounting treatment, in computing the liability to corporation tax of those companies. However, repayment of the principal amounts borrowed by companies within the Security Group cannot be so deducted. As a consequence, part of the non-exempt profits received by such companies 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 those companies unless the taxable income of those companies 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 members of the Security Group to repay amounts of principal under the ICL Loans and the other Senior Debt Obligations. If, in turn, the Issuer does not receive all amounts due from FinCo under the Intercompany Loan 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.

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. The Parent will undertake in the Tax Deed of Covenant that no steps have been taken nor will be taken (whether by act or omission or otherwise) by it or any company over which it has control which could reasonably be expected to give rise to such a secondary liability for a member of the Security Group or the Issuer. It should be noted that although intra-group disposals by Security Group members 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 Security Group will be permitted to dispose of assets intra-group provided that they comply with the provisions of the Tax Deed of Covenant in relation thereto - see the section entitled "*Tax on disposals and acquisitions*".

The Security 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 Obligors (other than Investments Co) are members of a VAT group which includes any company which is not an Obligor. However, each of Braehead Glasgow Limited and Braehead Park Limited was, prior to 1 January 2005, a member of a VAT group which included companies which are not Initial Obligors.

In the case of Braehead Glasgow Limited and Braehead Park Limited, 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.

Investments Co is currently a member (but not the representative member) of a VAT group which includes companies which are not Obligors. The Parent will covenant in the Tax Deed of Covenant to procure that an application to remove Investments Co from such VAT group will, to the extent that it has not been made on or before the Initial Issue Date, be made as soon as reasonably practicable after the Initial Issue Date (and in any event, no later than 30 days after the Initial Issue Date) and will give further covenants in the Tax Deed of Covenant which shall have the effect of putting Investments Co in broadly the same position that it would have been in had it been separately registered for VAT.

The Obligors will covenant in the Tax Deed of Covenant that they will not become members of any VAT group which includes companies which are not Obligors.

Contingent taxation liabilities.

Certain members of the Security Group have acquired, and may in future acquire, certain assets (including interests in Properties and the share capital of other members of the Security Group) from other companies which were, at the time of that acquisition, members of the same capital gains tax or stamp duty land tax group. As a consequence, those members of the Security Group may have a contingent liability to pay corporation tax on chargeable gains (where REIT exemptions do not apply, for example on the transfer of shares), or stamp duty land tax, which liability will become an actual liability to pay corporation tax on chargeable gains or stamp duty land tax, if (broadly) that member of the Security Group ceases to be a member of the relevant tax group within a period specified by statute. Also, where members of the Security

Group dispose 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 Security Group member which transferred the assets 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 relevant member of the Security Group to make payments in respect of the on-lending of those proceeds of the ICL Loans and the Authorised Loan Facilities within the Security Group, thereby potentially affecting the ability of FinCo to make full and timely payment of interest and principal in respect of the ICL Loans and the Authorised Loans. Such contingent taxation liabilities will, however, come within the scope of provisions in the Tax Deed of Covenant requiring cash reserves to be made in respect of certain tax liabilities, as discussed further below in the section entitled "*Tax on disposals and acquisitions*".

Where such a member of the Security Group which has acquired capital assets from other companies which were, at the time of that acquisition, members of the same capital gains tax group (the "**De-grouping Company**") and which ceases to be a member of the capital gains tax group as a consequence of a disposal either of the De-grouping Company's shares or a disposal of the shares of another member of the capital gains tax group by a member of the capital gains group (the "**Selling Shareholder**") such a contingent liability to pay corporation tax on chargeable gains will not become an actual liability for the De-grouping Company; rather, it will be treated as additional consideration received by the Selling Shareholder and so may result in an actual tax liability for the Selling Shareholder. Therefore, if a member of the Security Group disposes of the shares in a De-grouping Company or another member of that capital gains tax group which results in a De-grouping Company ceasing to be a member of the relevant capital gains tax group, the actual liability to pay corporation tax on chargeable gains on that disposal (including any gain treated as accruing to that Selling Shareholder as a result of it being deemed to have received such additional consideration) accruing to the Selling Shareholder could reduce the amount of post-tax income available to it to make payments in respect of the on-lending of those proceeds of the ICL Loans and the Authorised Loans within the Security Group, thereby potentially affecting the ability of FinCo to make full and timely payment of interest and principal in respect of the ICL Loans and the Authorised Loans.

Each Obligor and SGS TopCo will represent in the Tax Deed of Covenant that, as at the date of the Tax Deed of Covenant, no steps have been taken of which it was aware or ought reasonably to have been aware (whether by act, omission or otherwise) whereby a contingent liability would arise above a certain threshold. Further, each member of the Security Group, SGS TopCo and the Parent will undertake, in respect of itself and any person it controls at the date of the Tax Deed of Covenant, that for so long as any of the Obligor Secured Liabilities remain outstanding, it will not take any steps and will procure, to the extent that it is reasonably able to do so, that no steps are taken the consequence of which would be (a) any Obligor ceasing to be a member of the group such that an Obligor becomes subject to a charge to Tax in respect of a contingent liability (a "**De-grouping Charge**") or (b) any Obligor either ceasing to be a member of a group with another company from whom it has acquired property or being subject to a change of control such that a liability to stamp duty land tax will be imposed on that Obligor ("**SDLT Clawback**") unless certain conditions have been met.

Tax on disposals and acquisitions.

As stated above, provided that the REIT Group is and remains a REIT, any gain on a disposal by an Obligor 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 Properties where the REIT exemptions do not apply and the share capital of other members of the Security Group) by members of the Security Group to third parties may give rise to a liability to pay corporation tax on chargeable gains. Each member of the Security Group will undertake in the Tax Deed of Covenant that if it makes certain disposals or acquisitions that would result in a liability to tax for the Security Group, it will make a cash reserve to fund that liability to tax in cases where certain specified thresholds are exceeded. 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 Obligors, 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 Obligor 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 44 above and, as a result, the requirement to pay a corporation tax liability to HMRC ranks in priority to the floating chargeholder.

Withholding tax in respect of the Hedging Agreements.

The Group has been advised that under current law, all payments to be made under the Hedging Agreements, with the exception, potentially, of certain payments under a Credit Support Annex, should be made without withholding or deduction for or on account of any United Kingdom tax. Under a Hedging Agreement, if FinCo is required to make a withholding or deduction for or on account of United Kingdom tax, it will not be required to make any additional payment as a result of that withholding or deduction. In the event that a withholding or deduction for or on account of tax, other than pursuant to FATCA (as defined in the section entitled "*U.S. Foreign Account Tax Compliance Withholding*" below), is required to be made from any payment due from a Hedge Counterparty under a Hedging Agreement, the terms of that Hedging Agreement will provide that the amount to be paid will, in certain circumstances, be increased to the extent necessary to ensure that, after that withholding or deduction has been made, the amount received by FinCo that is party to the Hedging Agreement is equal to the amount that FinCo would have received had such withholding or deduction not been required to be made.

If any Hedge Counterparty is obliged to make such an increased payment, the terms of that Hedging Agreement will provide that it may, if such deduction or withholding is as a result of a change in law (or the application or interpretation thereof), terminate the relevant transactions under such Hedging Agreement (subject to such Hedge Counterparty's obligation to use its reasonable endeavours to transfer its rights and obligations in respect of the relevant transactions under such Hedging Agreement to another office or third party swap provider such that payments made by or to that other office or third party swap provider under such relevant transactions can be made without any withholding or deduction for or on account of tax). If any Hedging Agreement (or any transactions thereunder) is terminated, the Security Group may be unable to meet its payment obligations under the Intercompany Loan Agreement and Authorised Loans in full, with the result that the Noteholders may not receive all of the payments of principal and interest due to them in respect of the Notes. In addition, the termination of any Hedging Agreement (or any transactions thereunder) may result in a Swap Termination Amount being due to the relevant Hedge Counterparty.

For a description of the Hedging Agreements that any of the Obligors may enter into from time to time in accordance with the Hedging Covenant, see " *Description of the Principal Transaction Documents – Hedging Agreements"* on page 184 below and the Hedging Covenant on page 121.

Taxation - Issuer/FinCo

Issuer

The Securitisation Tax Regime provides for a permanent regime for the taxation of "securitisation companies". Companies to which the Securitisation Tax Regime applies will be taxed broadly by reference to their "retained profit" rather than by reference to their accounts. The Issuer will fall within the Securitisation Tax Regime and should continue to fall within the Securitisation Tax Regime. As such, the Issuer should be taxed only on the amount of its retained profit for so long as it satisfies the conditions for remaining within the

Securitisation Tax Regime. However, if at any time it ceases to satisfy these conditions, then profits or losses could arise in the Issuer which could have tax effects not contemplated in the cashflows for the transaction described in this Prospectus and as such adversely affect the tax treatment of the Issuer and consequently payments on the Notes.

IFRS – FinCo and other Obligors

FinCo will generally be subject to corporation tax, currently at a rate of 24 per cent. (reducing to 23 per cent. from 1 April 2013 and proposed to reduce 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 FinCo is greater than expected, the funds available to make payments on any ICL Loan will be reduced and this may adversely affect the Issuer's ability to make payments on the Notes.

The corporation tax position of FinCo depends to a significant extent on the accounting treatment applicable to it. FinCo may enter into derivative contracts and, under the Common Terms Agreement, is to required to procure that derivative contracts are entered into in respect of a certain proportion of the Senior Debt Obligations (other than swaps). On the basis that FinCo will apply IFRS and so will be required to apply fair value accounting to these derivative contracts so that it may suffer timing differences that could result in profits or losses for accounting purposes, and accordingly for tax purposes (unless tax legislation provides otherwise), which bear little or no relationship to the company's cash position. To mitigate this risk FinCo proposes to ensure that where it enters into derivative contracts with third party Hedge Counterparties it will (i) enter into back-to-back internal derivative contracts with the Obligors which the directors of FinCo expect will give it offsetting positions for tax and accounting purposes, although it is still possible that some mismatches may apply or (ii) seek to structure its on-loans to the Obligors so the Disregard Regulations (referred to below) apply in a manner which reduces or eliminates the scope for FinCo to incur tax liabilities which it is unable to fund. The Obligors apply 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 Obligors' 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 their taxable profits for corporation tax purposes arising from their being a party to derivative contracts in respect of which fair value movements are recognised under IFRS, the Obligors 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 Obligors were not able to apply the Disregard Regulations, or if fair value profits and losses arose to the Obligors other than in relation to the derivative contracts, then the Obligors 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. In the Tax Deed of Covenant, each Obligor will covenant that, if it enters into a derivative contract, it will not make an election for the Disregard Regulations not to apply to it and will use reasonable endeavours to avoid taking steps which would result in such regulations not applying to such contract.

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 224 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) of redeeming all outstanding Notes in full at their Outstanding Principal Amount plus accrued but unpaid interest thereby shortening the life of the Notes. For the avoidance of doubt, none of the Issuer 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, 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). A number of non-EU countries and territories have agreed to adopt similar measures.

The European Commission has proposed certain amendments to the 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 a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive (if such a Member State exists).

U.S. Foreign Account Tax Compliance Withholding

Pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**"), the Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes issued or materially modified on or after the later of (a) January 1 2014 and (b) 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 and (ii) any Notes which are treated as equity for U.S. federal tax purposes, whenever issued. Under existing guidance, this withholding tax may be triggered on payments on the Notes if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer is required to withhold on "foreign passthru payments", and (iii) either (a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether that investor is subject to withholding under FATCA, or (b) any FFI to or through which payment on such Notes is made is not a Participating FFI or otherwise exempt from FATCA withholding.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. In particular, the United Kingdom has entered into an intergovernmental agreement with the United States to help implement FATCA for certain entities in the United Kingdom. The full impact of such an agreement on the Issuer and the Issuer's reporting and withholding responsibilities under FATCA is unclear. The Issuer may be required to report certain information on its U.S. account holders (if any) to the government of the United Kingdom in order (i) to obtain an exemption from FATCA withholding on payments it receives and/or (ii) to comply with any applicable law of the United Kingdom. It is not yet certain how the United States and the

United Kingdom will address withholding on "foreign passthru payments" (which may include payments on the Notes) or if such withholding will be required at all.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the 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 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 Notes, investors may receive less interest or principal than they would otherwise receive.

The application of FATCA to Notes issued or materially modified on or after the later of (a) January 1 2014 and (b) 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 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in supplement to this Prospectus, as applicable.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS OF NOTES IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND ADVICE ON HOW FATCA MIGHT AFFECT IT IN ITS PARTICULAR CIRCUMSTANCES.

Withholding tax in respect of the ICL Loans

The Issuer has been advised that, under current law, all payments made to it under the Intercompany Loan Agreement by FinCo 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 an ICL Loan, 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, FinCo is obliged to make such an increased payment to the Issuer, FinCo will have the option (but not the obligation), subject to the then applicable priority of payments, to prepay all outstanding ICL Loans in full. If FinCo chooses to prepay the ICL Loans, the Issuer will then be obliged to redeem the corresponding Tranche of Notes. If FinCo 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 Notes*", on page 58, 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.

Notes issued under this Prospectus will have the ratings set out in the relevant Final Terms. Such ratings reflect the Rating Agency's assessment of the likelihood of timely payment of interest and ultimate repayment of principal on those 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 Security Group from time to time. If any rating assigned to the Notes then outstanding is lowered or withdrawn, the market value of such Notes may be reduced. 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 new and existing Notes may be affected. A rating agency, other than the Rating Agency may at any time give an unsolicited rating to the Notes. Such unsolicited rating would bear no relation to the assessment and rating attributed by the Rating Agency.

The Rating Agency owes no duty or responsibility to the Noteholders in delivering Ratings Affirmations

In certain circumstances where the consent of the Obligor Security Trustee or the Issuer Trustee is required under the Security Trust and Intercreditor Deed or the Note Trust Deed, the Obligor Security Trustee and the Issuer Trustee shall be entitled to take a Ratings Affirmation into account in whether to decide that the relevant matter is not materially prejudicial to the interests of the Secured Participants, for the purposes of exercising any power, trust, authority, duty or discretion or the giving of any consent under or in relation to the Finance Documents or the Issuer Documents to which it is a party or over which it has security, to have regard to a Ratings Affirmation in exercising any such power, trust, authority, duty or discretion or, as the case may be, in giving the relevant consent.

A Ratings Affirmation may or may not be given at the sole discretion of the Rating Agency, 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 Agency cannot provide their affirmation in the time available or at all, and the Rating Agency 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 Initial Issue Date. An affirmation of ratings represents only a restatement of the opinions given at the Initial Issue 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 Agency owes no duties whatsoever to any parties to the transaction (including the Noteholders) in providing any affirmation of ratings. A modification to the Issuer Documents or Finance 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 the Rating Agency will agree to give a Ratings Affirmation and, accordingly, the Issuer or the Security Group may not be able to make a modification to or gain a consent or waiver in respect of the Finance Documents or the Issuer Documents. This may affect the Issuer's or the Security Group's ability to meet its obligations under the Finance Documents or the Issuer Documents, as the case may be.

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;

(ii) does not address whether any relevant event, matter or circumstance is permitted by the Finance Documents or the Issuer 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 Participants.

Modifications, waivers and consents in respect of Common Documents and the Finance Documents or the Issuer Documents can, in certain circumstances, be approved without the agreement of the Noteholders.

The Security Trust and Intercreditor Deed provides that the Obligor Security Trustee shall seek the approval of the Issuer (in respect of which the Issuer Trustee shall act on the instructions of the Noteholders) on certain matters, along with all other holders of Qualifying Debt, as a condition to concurring in making modifications to or granting consents or waivers. In addition, the Obligor Security Trustee may, in respect of any Discretion Matter, make such modification, give such consent or grant such waiver without the consent of any other Secured Participant if, in the opinion of the Obligor Security Trustee, such modification, consent or waiver (a) is required to correct a manifest error or if it is of a formal, minor or technical nature, or (b) is not materially prejudicial to the interests of any of the Secured Participants. In either case, 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, regardless of whether the ratings of such Notes are affirmed. In addition, certain modifications, waivers and consents require the relevant thresholds of Qualifying Debt voting in favour of a proposal (subject to the Entrenched Rights conferred on Secured Participants). Therefore, the votes of the Noteholders may not constitute a sufficient majority in respect of any such matter and Noteholders alone may not be able to control the outcome of any particular approval process. Consequently, Noteholders may be subject to modifications, waivers or consents which they voted against. See the section of this Prospectus entitled "*Description of the Principal Transaction Documents – Security Trust and Intercreditor Deed*" on page 150 for further details.

The conditions of the Notes will also provide that the Issuer Trustee may, without the consent of Noteholders but subject to the provisions of the Note Trust Deed (if it is of the opinion the interest of the holders of the Notes then outstanding shall not be materially prejudiced thereby) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Issuer Documents to which the Issuer Trustee is a party. See the section of this Prospectus entitled "*Terms and Conditions of the Notes – Meetings of Noteholders, Modification, Waiver and Substitution – Modification of, and waivers in respect of, the Issuer Documents*" on page 204 for further details.

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

Some or all of the Notes issued from time to time will be new securities for which there is no established trading market. An active trading market may not develop or, if developed, may not be maintained. Consequently, prospective purchasers of the Notes should be aware that they may have to hold the Notes until their maturity. In addition, the market value of the 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 Notes in the secondary market. As a result, the secondary market for debt securities, such as the 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 Notes is likely to fluctuate. Any of these fluctuations may be significant.

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 Notes are legal investments for it, (b) the 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 Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

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

Each potential investor in the 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 Notes, the merits and risks of investing in the 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 Notes and the impact the 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 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 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 Notes, which are complex financial instruments, unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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 Notes.

The Notes will initially only be issued in global form and deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg. Interests in the Global Notes and Global Certificates will trade in book-entry form only. The Common Depositary, or its nominee, for Euroclear and Clearstream, Luxembourg will be the sole holder of the Global Notes and Global Certificates representing the 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 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 Notes. The procedures to be implemented through Euroclear and Clearstream, Luxembourg may not be adequate to ensure the timely exercise of rights under the 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 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 ICL Loans may negatively affect the projected yield to maturity of the Notes.

The yield to maturity of the Notes will depend on, *inter alia*, the amount and timing of repayment and prepayment of principal on the relevant ICL Loans and the price paid by the Noteholders. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayment on the ICL Loans. FinCo is permitted voluntarily to prepay the ICL Loans (subject to minimum notice periods), and accordingly the rate and timing of prepayment of the ICL Loans cannot be predicted with certainty. The availability to FinCo of sufficient funds to prepay the ICL Loans 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 Notes.

The transactions described in this Prospectus and the ratings which are to be assigned to the Programme 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 date of this Prospectus, may result in either the Issuer's, FinCo's or the Security Group'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, FinCo's or the Security Group'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 Noteholders.

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

Such regulation includes the CRD as amended by CRD2 which, among other things, inserts a new Article 122a into the CRD.

Article 122a provides 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 Article 122a 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.

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 Article 122a to this transaction and is of the opinion that the Notes do not constitute an exposure to a "securitisation position" for the purposes of Article 122a. The Issuer is therefore of the opinion that the requirements of Article 122a should not apply to investments in the Notes.

However, investors should be aware that the regulatory capital treatment of any investment in the Notes will be determined by the interpretation which an investor's regulator places on the provisions of CRD (as amended by CRD2) and the provisions of national law which implement it. Prospective investors should therefore be aware that should the relevant investor's regulator interpret the regulations such that Article 122a does apply to an investment in the 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 Article 122a.

Similar requirements to those set out in Article 122a are expected to be implemented for other EU-regulated investors, including investment firms, insurance or reinsurance undertakings, UCITS and/or certain hedge fund managers.

Investors in the Notes are responsible for analysing their own regulatory position and independently assessing and determining whether or not Article 122a will be applied to their exposure to the Notes and therefore prospective investors should not rely on the Issuer's interpretation set out above. Further, the Dealers and Arrangers and their Affiliates do not make any representation in respect of the application of Article 122a to any investment in the 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 Notes.

Article 122a and/or any further changes to the regulation or regulatory treatment of the 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 Notes in the secondary market.

Implementation of and/or changes to the Basel II Framework may affect the capital and/or the Liquidity Requirements associated with a holding of the 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.

Basel II has not been fully implemented in all participating jurisdictions. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework. The Basel II framework is implemented in the European Union by the CRD. Certain amendments have been made to the CRD, including by CRD III, which was required to be implemented by Member States by the end of 2011 and which introduces (*inter alia*) higher capital requirements for certain trading book positions and re-securitisation positions.

It should also be noted that 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 indicated that they support the work of the Basel Committee on the approved changes in general, and the European Commission's corresponding proposals comprising a draft regulation and a draft directive to implement the changes (through amendments to the CRD known as "**CRD IV**") were published on 20 July 2011. The European Commission intends that the proposed regulation and directive come into force on 1 January 2013, with full implementation by 1 January 2019. The changes approved by the Basel Committee may have an impact on incentives to hold the 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 Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

The Issuer believes that the risks described above 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 Notes may occur for other reasons and the Issuer does not represent that the above statements regarding the risk of holding the 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 Notes on a timely basis or at all.

USE OF PROCEEDS

The gross proceeds from the issue of each Tranche of Notes will be on-lent to FinCo under the terms of the Intercompany Loan Agreement to be applied by FinCo and the other Obligors in connection with their Permitted Business and, subject to certain conditions (as described herein) for the making of Restricted Payments to Non-Restricted Group Entities. Proceeds from the initial issue will be used by the Obligors to prepay existing indebtedness and related expenses.

On the Issue Date of any Tranche of Notes, the expenses of such issue of Notes will be met by FinCo out of the proceeds received by FinCo pursuant to the ICL Loan relating to such Notes.

If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

FINCO

Introduction

FinCo was incorporated in England and Wales on 10 January 2013 as a private limited company with limited liability under registered number 08355746. The registered office of FinCo is at 40 Broadway, London SW1H 0BU, telephone number 020 7960 1200. The share capital of FinCo is 100 ordinary shares of a nominal or par value of £1.00 each, fully paid up. All of the issued ordinary shares will be held by SGS SPV after the Initial Issue Date.

Principal Activities

FinCo was incorporated as a special purpose vehicle for the purpose of entering into, and performing its obligations under, the Finance Documents.

The principal activities of FinCo will be the drawing of Senior Debt Obligations and the application of the proceeds thereof in or towards the lawful purposes of the Security Group, the execution and performance of the Finance Documents, the execution and performance of all documents to which it is expressed to be a party, and the exercise of related rights and powers and other activities reasonably incidental thereto. FinCo has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the authorisation of the Programme and the other 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.

FinCo will covenant to observe certain restrictions on its activities which will be set out in the Common Terms Agreement. See further "*Description of the Principal Transaction Documents*", on page 109, above.

Capitalisation and Indebtedness, and Financial Statements

Since its incorporation up to the date of this Prospectus, FinCo has not published any financial statements.

The following table shows the expected capitalisation and indebtedness of FinCo as at the Initial Issue Date:

	(£)
Issued share capital	
100 ordinary shares, fully paid at £1.00 each	100

Directors and Company Secretary

The directors of FinCo and their respective business addresses and occupations are:

Name	Business Address	Title	Other Principal Activities
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director	Chief Executive of Intu Properties plc
Edward Matthew Giles Roberts	40 Broadway, London SW1H 0BU	Director	Finance Director of Intu Properties plc
Hugh Michael Ford	40 Broadway, London SW1H 0BU	Director	Group General Counsel

Peter Weir	40 Broadway, London SW1H 0BU	Director	Group Financial Controller

Susan Marsden is the Company Secretary. FinCo has no employees or premises.

There are no potential conflicts of interest between the duties to FinCo of any of the directors listed above and their private interests or other duties.

Auditor

PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is the auditor of FinCo.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

FinCo Year End

The financial year of FinCo ends on 31 December of each year.

THE OBLIGORS

1 INTU (SGS) LIMITED

Introduction

SGS SPV was incorporated in England and Wales on 10 January 2013 as a private limited company under registered number 08355675. The registered office of SGS SPV is at 40 Broadway, London SW1H 0BU, telephone number 020 7960 1200. The share capital of SGS SPV is 100 ordinary shares of a nominal or par value of £1.00 each, fully paid up. All of the issued ordinary shares will be held by SGS HoldCo after the Initial Issue Date.

Principal Activities

SGS SPV was incorporated for the purpose of acting as the interim holding company of the Security Group and performing its obligations under the Finance Documents, including the granting of the Obligor Security and issuing its Obligor Guarantee.

Financial Statements

Since its incorporation up to the date of this Prospectus, SGS SPV has not published any financial statements.

Directors and Company Secretary

The directors of SGS SPV and their respective business addresses and occupations are:

Name	Business Address	Title	Other Principal Activities
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director	Chief Executive of Intu Properties plc
Edward Matthew Giles Roberts	40 Broadway, London SW1H 0BU	Director	Finance Director of Intu Properties plc
Hugh Michael Ford	40 Broadway, London SW1H 0BU	Director	Group General Counsel
Peter Weir	40 Broadway, London SW1H 0BU	Director	Group Financial Controller

Susan Marsden is the Company Secretary. SGS SPV has no employees or premises.

There are no potential conflicts of interest between the duties to SGS SPV of any of the directors listed above and their private interests or other duties.

Auditor

PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is the auditor of SGS SPV.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Financial Year End

The financial year of SGS SPV ends on 31 December of each year.

2 INTU (SGS) HOLDCO LIMITED

Introduction

SGS HoldCo was incorporated in England and Wales on 10 January 2013 as a private limited company under registered number 08354703. The registered office of SGS HoldCo is at 40 Broadway, London SW1H 0BU, telephone number 020 7960 1200. The share capital of SGS HoldCo is 100 ordinary shares of a nominal or par value of £1.00 each, fully paid up. All of the issued ordinary shares will be held by SGS TopCo after the Initial Issue Date.

Principal Activities

SGS HoldCo was incorporated for the purpose of acting as the ultimate holding company of the Security Group and performing its obligations under the Finance Documents, including the granting of the Obligor Security and issuing its Obligor Guarantee.

Financial Statements

Since its incorporation up to the date of this Prospectus, SGS HoldCo has not published any financial statements.

Directors

The directors of SGS HoldCo and their respective business addresses and occupations are:

Name	Business Address	Title	Other Principal Activities
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director	Chief Executive of Intu Properties plc
Edward Matthew Giles Roberts	40 Broadway, London SW1H 0BU	Director	Finance Director of Intu Properties plc
Hugh Michael Ford	40 Broadway, London SW1H 0BU	Director	Group General Counsel
Peter Weir	40 Broadway, London SW1H 0BU	Director	Group Financial Controller

Susan Marsden is the Company Secretary. SGS HoldCo has no employees or premises.

There are no potential conflicts of interest between the duties to SGS HoldCo of any of the directors listed above and their private interests or other duties.

Auditor

PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is the auditor of SGS HoldCo.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Financial Year End

The financial year of SGS HoldCo ends on 31 December of each year.

3 INTU LAKESIDE LIMITED

Introduction

Lakeside Co was incorporated in England and Wales on 19 January 2001 as a private limited company under registered number 04144192. The registered office of Lakeside Co is at 40 Broadway, London SW1H 0BU, telephone number 020 7960 1200. The share capital of Lakeside Co is 196,044,100 ordinary shares of a nominal or par value of £1.00 each, fully paid up. All of the issued ordinary shares will be held by SGS SPV after the Initial Issue Date.

Financial Statements

The audited financial statements of Lakeside Co for each of the years ending 31 December 2012 and 31 December 2011 are appended to this Prospectus in full at Annex 1 (*Obligor Financial Statements*).

Principal Activities

Lakeside Co was incorporated for the purpose of developing, owning and managing the Lakeside Shopping Centre, Thurrock.

The principal objects of Lakeside Co are set out in its Memorandum of Association and include carrying on all or any of the businesses of a property holding company.

Directors and Company Secretary

The directors of Lakeside Co and their respective business addresses and occupations are:

Name	Business Address	Title	Other Principal Activities
Martin David Ellis	40 Broadway, London SW1H 0BU	Director	Group Construction Director
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director	Chief Executive of Intu Properties plc
Hugh Michael Ford	40 Broadway, London SW1H 0BU	Director	Group General Counsel
Trevor Pereira	40 Broadway, London SW1H 0BU	Director	Group Commercial Director
Edward Matthew Giles Roberts	40 Broadway, London SW1H 0BU	Director	Finance Director of Intu Properties plc
Peter Weir	40 Broadway, London SW1H 0BU	Director	Group Financial Controller

Susan Marsden is the Company Secretary. Lakeside Co has no employees or premises.

There are no potential conflicts of interest between the duties to Lakeside Co of any of the directors listed above and their private interests or other duties.

Auditor

PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is the auditor of Lakeside Co.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Financial Year End

The financial year of Lakeside Co ends on 31 December of each year.

4 INTU WATFORD LIMITED

Introduction

Watford Co was incorporated in England and Wales on 11 March 2005 as a private limited company under registered number 05389482. The registered office of Watford Co is at 40 Broadway, London SW1H 0BU, telephone number 020 7960 1200. The share capital of Watford Co is 501 ordinary shares of a nominal or par value of £1.00 each, fully paid up. All of the issued ordinary shares will be held by SGS SPV after the Initial Issue Date.

Financial Statements

The audited financial statements of Watford Co for each of the years ending 31 December 2012 and 31 December 2011 are appended to this Prospectus in full at Annex 1 (*Obligor Financial Statements*).

Principal Activities

Watford Co was incorporated for the purpose of developing, owning and managing The Harlequin Shopping Centre, Watford.

The principal objects of Watford Co are set out in its Memorandum of Association and include carrying on the business of a general commercial company and to carry on any trade or business whatsoever.

Directors and Company Secretary

The directors of Watford Co and their respective business addresses and occupations are:

Name	Business Address	Title	Other Principal Activities
Martin David Ellis	40 Broadway, London SW1H 0BU	Director	Group Construction Director
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director	Chief Executive of Intu Properties plc
Hugh Michael Ford	40 Broadway, London SW1H 0BU	Director	Group General Counsel
Trevor Pereira	40 Broadway, London SW1H 0BU	Director	Group Commercial Director
Edward Matthew Giles Roberts	40 Broadway, London SW1H 0BU	Director	Finance Director of Intu Properties plc
Peter Weir	40 Broadway, London SW1H 0BU	Director	Group Financial Controller

Susan Marsden is the Company Secretary. Watford Co has no employees or premises.

There are no potential conflicts of interest between the duties to Watford Co of any of the directors listed above and their private interests or other duties.

Auditor

PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is the auditor of Watford Co.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Financial Year End

The financial year of Watford Co ends on 31 December of each year.

5 BRAEHEAD GLASGOW LIMITED

Introduction

Braehead Co 1 was incorporated in England and Wales on 23 June 1992 as a private limited company under registered number 02725146. The registered office of Braehead Co 1 is at 40 Broadway, London SW1H 0BU, telephone number 020 7960 1200. The share capital of Braehead Co 1 is 100 'A' ordinary shares of a nominal or par value of £1.00 each, fully paid up, and 15,547,200 'B' ordinary shares in bearer form of a nominal or par value of 1.00 Irish Punt each. All of the issued 'A' ordinary shares and 'B' ordinary shares will be held by SGS SPV after the Initial Issue Date.

Financial Statements

The audited financial statements of Braehead Co 1 for each of the years ending 31 December 2012 and 31 December 2011 are appended to this Prospectus in full at Annex 1 (*Obligor Financial Statements*).

Principal Activities

Braehead Co 1 was incorporated for the purpose of developing and managing the Braehead Shopping Centre, Glasgow.

The principal objects of Braehead Co 1 are set out in its Memorandum of Association and include carrying on the business of a property and investment holding company.

Directors and Company Secretary

The directors of Braehead Co 1 and their respective business addresses and occupations are:

Name	**Business Address**	**Title**	**Other Principal Activities**
Martin David Ellis	40 Broadway, London SW1H 0BU	Director	Group Construction Director
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director	Chief Executive of Intu Properties plc
Hugh Michael Ford	40 Broadway, London SW1H 0BU	Director	Group General Counsel
James Gordon McKinnon	The Management Suite, The Trafford Centre, Manchester M17 8AA	Director	Operations Director for the Group
Trevor Pereira	40 Broadway, London SW1H 0BU	Director	Group Commercial Director
Edward Matthew Giles Roberts	40 Broadway, London SW1H 0BU	Director	Finance Director of Intu Properties plc
Peter Weir	40 Broadway, London SW1H 0BU	Director	Group Financial Controller
Julian Nicholas Wilkinson	The Management Suite, The Trafford Centre, Manchester M17 8AA	Director	Asset Management Director for the Group

Susan Marsden is the Company Secretary. Braehead Co 1 has no employees or premises.

There are no potential conflicts of interest between the duties to Braehead Co 1 of any of the directors listed above and their private interests or other duties.

Auditor

PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is the auditor of Braehead Co 1.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Financial Year End

The financial year of Braehead Co 1 ends on 31 December of each year.

6 BRAEHEAD PARK INVESTMENTS LIMITED

Introduction

Braehead Co 2 was incorporated in England and Wales on 15 June 1992 as a private limited company under registered number 02722888. The registered office of Braehead Co 2 is at 40 Broadway, London SW1H 0BU, telephone number 020 7960 1200. The share capital of Braehead Co 2 is 14,067,650 ordinary shares of a nominal or par value of £1.00 each, fully paid up. All of the issued ordinary shares will be held by SGS SPV after the Initial Issue Date.

Financial Statements

The audited financial statements of Braehead Co 2 for each of the years ending 31 December 2012 and 31 December 2011 are appended to this Prospectus in full at Annex 1 (*Obligor Financial Statements*).

Principal Activities

Braehead Co 2 was incorporated for the purpose of developing and managing the Braehead Shopping Centre, Glasgow.

The principal objects of Braehead Co 2 are set out in its Memorandum of Association which allow for carrying on the business of a property investment company.

Directors and Company Secretary

The directors of Braehead Co 2 and their respective business addresses and occupations are:

Name	**Business Address**	**Title**	**Other Principal Activities**
Martin David Ellis	40 Broadway, London SW1H 0BU	Director	Group Construction Director
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director	Chief Executive of Intu Properties plc
Hugh Michael Ford	40 Broadway, London SW1H 0BU	Director	Group General Counsel
James Gordon McKinnon	The Management Suite, The Trafford Centre, Manchester M17 8AA	Director	Operations Director for the Group
Trevor Pereira	40 Broadway, London SW1H 0BU	Director	Group Commercial Director
Edward Matthew Giles Roberts	40 Broadway, London SW1H 0BU	Director	Finance Director of Intu Properties plc
Peter Weir	40 Broadway, London SW1H 0BU	Director	Group Financial Controller
Julian Nicholas Wilkinson	The Management Suite, The Trafford Centre, Manchester M17 8AA	Director	Asset Management Director for the Group

Susan Marsden is the Company Secretary. Braehead Co 2 has no employees or premises.

There are no potential conflicts of interest between the duties to Braehead Co 2 of any of the directors listed above and their private interests or other duties.

Auditor

PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is the auditor of Braehead Co 2.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Financial Year End

The financial year of Braehead Co 2 ends on 31 December of each year.

7 VCP (GP) LIMITED

Introduction

Victoria Centre Co 1 was incorporated in England and Wales on 10 September 2002 as a private limited company under registered number 04531121. The registered office of Victoria Centre Co 1 is at 40 Broadway, London SW1H 0BU, telephone number 020 7960 1200. The share capital of Victoria Centre Co 1 is 1,000 ordinary shares of a nominal or par value of £1.00 each, fully paid up. All of the issued ordinary shares will be held by SGS SPV after the Initial Issue Date.

Financial Statements

The audited financial statements of Victoria Centre Co 1 for each of the years ending 31 December 2012 and 31 December 2011 are appended to this Prospectus in full at Annex 1 (*Obligor Financial Statements*).

Principal Activities

Victoria Centre Co 1 was incorporated for the purpose of carrying on the business of a property investment company and the management, administration and operation of the Victoria Centre Partnership.

The principal objects of Victoria Centre Co 1 are set out in its Memorandum of Association which allow for carrying on the business of a property investment company.

Directors and Company Secretary

The directors of Victoria Centre Co 1 and their respective business addresses and occupations are:

Name	Business Address	Title	Other Principal Activities
Martin David Ellis	40 Broadway, London SW1H 0BU	Director	Group Construction Director
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director	Chief Executive of Intu Properties plc
Hugh Michael Ford	40 Broadway, London SW1H 0BU	Director	Group General Counsel
Trevor Pereira	40 Broadway, London SW1H 0BU	Director	Group Commercial Director
Edward Matthew Giles Roberts	40 Broadway, London SW1H 0BU	Director	Finance Director of Intu Properties plc
Peter Weir	40 Broadway, London SW1H 0BU	Director	Group Financial Controller

Susan Marsden is the Company Secretary. Victoria Centre Co 1 has no employees or premises.

There are no potential conflicts of interest between the duties to Victoria Centre Co 1 of any of the directors listed above and their private interests or other duties.

Auditor

PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is the auditor of Victoria Centre Co 1.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Financial Year End

The financial year of Victoria Centre Co 1 ends on 31 December of each year.

8 THE VICTORIA CENTRE PARTNERSHIP

Introduction

The Partnership was registered in England and Wales as a limited partnership under the Limited Partnerships Act 1907 and with registration number LP004172 on 27 January 1992 pursuant to the original partnership agreement between Baffin (U.K.) Limited and Capital & Counties plc. The interest of Capital & Counties has been assigned and is now held by Investments Co (limited partner). Victoria Centre Co 1 (general partner) was admitted to the partnership pursuant to a deed of adherence on 1 November 2002 and Baffin (U.K.) Limited retired from the partnership on 4 November 2002. The terms of the original partnership agreement have been amended and restated on 20 January 2003.

The registered office of the Partnership is at 40 Broadway, London SW1H 0BU, telephone number 020 7960 1200.

Financial Statements

The audited financial statements of the Partnership for each of the years ending 31 December 2012 and 31 December 2011 are appended to this Prospectus in full at Annex 1 (*Obligor Financial Statements*).

Principal Activities

The Partnership was formed for the purpose of developing and managing the Victoria Centre shopping centre, Nottingham.

The principal objects of the Partnership are set out in its limited partnership agreement dated 20 January 2003 which allow for it to acquire and hold, for the purpose of investment, the Victoria Centre, Nottingham.

Partners

The partners of the Partnership and their respective business addresses and occupations are:

Name	Business Address	Capacity
VCP (GP) Limited (Victoria Centre Co 1)	40 Broadway, London SW1H 0BU	General Partner
Intu Properties Investments Limited (Investments Co)	40 Broadway, London SW1H 0BU	Limited Partner

The Partnership has no employees or premises.

There are no potential conflicts of interest between the duties to the Partnership of any of the partners listed above and their private interests or other duties.

Auditor

PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is the auditor of the Partnership.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Financial Year End

The financial year of the Partnership ends on 31 December of each year.

9 VCP NOMINEES NO.1 LIMITED

Introduction

Victoria Centre Co 3 was incorporated in England and Wales on 21 March 2003 as a private limited company under registered number 04707162. The registered office of Victoria Centre Co 3 is at 40 Broadway, London SW1H 0BU, telephone number 020 7960 1200. The share capital of Victoria Centre Co 3 is 1 ordinary share of a nominal or par value of £1.00 each, fully paid up. All of the issued ordinary shares are held by Victoria Centre Co 1.

The Property in the Initial Portfolio known as the Victoria Centre, Nottingham is owned by Victoria Centre Co 3 and Victoria Centre Co 4 as nominees jointly on trust for the Victoria Centre Partnership, a limited partnership registered in England and Wales with its registered office at 40 Broadway, London, SW1H 0BU (registered number LP004172), which acts through its general partner, VCP (GP) Limited, a company incorporated in England and Wales with its registered office at 40 Broadway, London, SW1H 0BU (registered number 04531121).

Financial Statements

The unaudited financial statements of Victoria Centre Co 3 for each of the years ending 31 December 2012 and 31 December 2011 are appended to this Prospectus in full at Annex 1 (*Obligor Financial Statements*).

Victoria Centre Co 3 is a dormant company for the purposes of the Companies Act 2006 and, as such, is exempt from the requirement under that Act to prepare audited financial statements.

Principal Activities

Victoria Centre Co 3 was incorporated for the purpose of acquiring and owning title to the Victoria Centre, Nottingham.

The principal objects of Victoria Centre Co 3 are set out in its Memorandum of Association and include carrying on all or any of the businesses of a holding company.

Directors and Company Secretary

The directors of Victoria Centre Co 3 and their respective business addresses and occupations are:

Name	Business Address	Title	Other Principal Activities
Martin David Ellis	40 Broadway, London SW1H 0BU	Director	Group Construction Director
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director	Chief Executive of Intu Properties plc
Hugh Michael Ford	40 Broadway, London SW1H 0BU	Director	Group General Counsel
Trevor Pereira	40 Broadway, London SW1H 0BU	Director	Group Commercial Director
Edward Matthew Giles Roberts	40 Broadway, London SW1H 0BU	Director	Finance Director of Intu Properties plc
Peter Weir	40 Broadway, London SW1H 0BU	Director	Group Financial Controller

Susan Marsden is the Company Secretary. Victoria Centre Co 3 has no employees or premises.

There are no potential conflicts of interest between the duties to Victoria Centre Co 3 of any of the directors listed above and their private interests or other duties.

Auditor

To the extent that the financial statements of Victoria Centre Co 3 are audited in the future, PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is expected to be the auditor of Victoria Centre Co 3.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Financial Year End

The financial year of Victoria Centre Co 3 ends on 31 December of each year.

10 VCP NOMINEES NO.2 LIMITED

Introduction

Victoria Centre Co 4 was incorporated in England and Wales on 21 March 2003 as a private limited company under registered number 04707160. The registered office of Victoria Centre Co 4 is at 40 Broadway, London SW1H 0BU, telephone number 020 7960 1200. The share capital of Victoria Centre Co 4 is 1 ordinary share of a nominal or par value of £1.00 each, fully paid up. All of the issued ordinary shares are held by Victoria Centre Co 1.

The Property in the Initial Portfolio known as the Victoria Centre is owned by Victoria Centre Co 3 and Victoria Centre Co 4 as nominees jointly on trust for the Victoria Centre Partnership, a limited partnership registered in England and Wales with its registered office at 40 Broadway, London SW1H 0BU (registered number LP004172), which acts through its general partner, VCP (GP) Limited, a company incorporated in England and Wales with its registered office at 40 Broadway, London SW1H 0BU (registered number 04531121).

Financial Statements

The unaudited financial statements of Victoria Centre Co 4 for each of the years ending 31 December 2012 and 31 December 2011 are appended to this Prospectus in full at Annex 1 (*Obligor Financial Statements*).

Victoria Centre Co 4 is a dormant company for the purposes of the Companies Act 2006 and, as such, is exempt from the requirement under that Act to prepare audited financial statements.

Principal Activities

Victoria Centre Co 4 was incorporated for the purpose of acquiring and owning title to the Victoria Centre, Nottingham.

The principal objects of Victoria Centre Co 4 are set out in its Memorandum of Association and include carrying on all or any of the businesses of a holding company.

Directors and Company Secretary

The directors of Victoria Centre Co 4 and their respective business addresses and occupations are:

Name	Business Address	Title	Other Principal Activities
Martin David Ellis	40 Broadway, London SW1H 0BU	Director	Group Construction Director
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director	Chief Executive of Intu Properties plc
Hugh Michael Ford	40 Broadway, London SW1H 0BU	Director	Group General Counsel
Trevor Pereira	40 Broadway, London SW1H 0BU	Director	Group Commercial Director
Edward Matthew Giles Roberts	40 Broadway, London SW1H 0BU	Director	Finance Director of Intu Properties plc
Peter Weir	40 Broadway, London SW1H 0BU	Director	Group Financial Controller

Susan Marsden is the Company Secretary. Victoria Centre Co 4 has no employees or premises.

There are no potential conflicts of interest between the duties to Victoria Centre Co 4 of any of the directors listed above and their private interests or other duties.

Auditor

To the extent that the financial statements of Victoria Centre Co 4 are audited in the future, PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is expected to be the auditor of Victoria Centre Co 4.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Financial Year End

The financial year of Victoria Centre Co 4 ends on 31 December of each year.

11 INTU PROPERTIES INVESTMENTS LIMITED

Introduction

Investments Co was incorporated in England and Wales on 25 July 1996 as a private limited company under registered number 03229523. The registered office of 03229523 is at 40 Broadway, London SW1H 0BU, telephone number 020 7960 1200. The share capital of Investments Co is 96,445,496 ordinary shares of a nominal or par value of £1.00 each, fully paid up. All of the issued ordinary shares will be by SGS SPV after the Initial Issue Date.

Financial Statements

The audited financial statements of Investments Co for each of the years ending 31 December 2012 and 31 December 2011 are appended to this Prospectus in full at Annex 1 (*Obligor Financial Statements*).

Principal Activities

Investments Co was incorporated for the purpose of carrying on the business of a property investment company and being the limited partner to The Victoria Centre Partnership.

The principal objects of Investments Co are set out in its Memorandum of Association which allow for carrying on the business of an investment company.

Directors and Company Secretary

The directors of Investments Co and their respective business addresses and occupations are:

Name	Business Address	Title	Other Principal Activities
Martin David Ellis	40 Broadway, London SW1H 0BU	Director	Group Construction Director
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director	Chief Executive of Intu Properties plc
Hugh Michael Ford	40 Broadway, London SW1H 0BU	Director	Group General Counsel
Trevor Pereira	40 Broadway, London SW1H 0BU	Director	Group Commercial Director
Edward Matthew Giles Roberts	40 Broadway, London SW1H 0BU	Director	Finance Director of Intu Properties plc
Peter Weir	40 Broadway, London SW1H 0BU	Director	Group Financial Controller

Susan Marsden is the Company Secretary. Investments Co has no employees or premises.

There are no potential conflicts of interest between the duties to Investments Co of any of the directors listed above and their private interests or other duties.

Auditor

PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is the auditor of Investments Co.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Financial Year End

The financial year of Investments Co ends on 31 December of each year.

PropCo Interrelationship with the Non-Restricted Group Entities

The PropCos described in this section do not have any employees. To the extent that it is necessary for services to be provided to the PropCos in order for them to carry out their objects as owners of the Properties in the Portfolio, in many instances these services are provided under contract by Non-Restricted Group Entities within the Group. For example, property administration services are provided by the Property Administrators pursuant to the Property Administration Agreement, while corporate services are provided by the company secretarial department of the Group.

UNAUDITED COMBINED SUMMARY FINANCIAL INFORMATION

The tables set forth below, for the periods indicated, are selected from an unaudited aggregation of income statements, balance sheets and cash flow information of SGS HoldCo and its subsidiaries prepared in accordance with the basis of preparation set out in "Basis of Preparation for the Unaudited Combined Summary Financial Information" below. The aforementioned income statements, balance sheets and cash flow information used for the purposes of such aggregation and preparation are extracted from the audited financial statements of each of SGS HoldCo and its subsidiaries.

The selected historical financial information set forth below should be read in conjunction with the auditor's reports, financial statements and notes thereto of each of the PropCos contained in this Prospectus. The information below is not necessarily indicative of the results of future operations. Please see the risk factor entitled "The Unaudited Combined Summary Financial Information included in this Prospectus may not be indicative of the Security Group's results of operations had it operated as a combined commercial group or its future results of operations" at page 32 above for further details.

Basis of Preparation for the Unaudited Combined Summary Financial Information

The Security Group has not in the past constituted a combined commercial group. The Unaudited Combined Summary Financial Information included in this Prospectus is, therefore, prepared on a basis which aggregates the income statements, balance sheets and statements of cash flows of each of SGS HoldCo and its subsidiaries. The Unaudited Combined Summary Financial Information contains income statement, balance sheet and a statement of cash flows information only and does not include other primary statements or related notes.

The Unaudited Combined Summary Financial Information is presented for illustrative purposes only and does not present what the Security Group's actual results of operations would have been had (i) the Security Group operated as a combined commercial group during the periods presented in the Unaudited Combined Summary Financial Information and (ii) audited consolidated financial statements of the Security Group as a consolidated group been prepared for the periods presented in accordance with IFRS.

The Security Group will prepare consolidated financial statements for, and with effect from, each financial year beginning with, and subsequent to, the financial period ending 31 December 2013. As a result of the reorganisation of the Obligors to form the Security Group, the Parent's management may need to review whether the current accounting policies applied in preparing the Unaudited Combined Summary Financial Information continue to be the most appropriate policies for preparation of the first set of consolidated financial statements of the Security Group.

The Security Group has not in the past formed a separate legal group; therefore the share capital or an analysis of reserves for the Security Group are not reflected. The net assets of the Security Group are represented by the cumulative investment in the companies within the Security Group (shown as "investment capital").

The Unaudited Combined Summary Financial Information for the periods ended 31 December 2012 and 31 December 2011

The Unaudited Combined Summary Financial Information sets out the combined balance sheets as at 31 December 2012 and 31 December 2011, and combined income statements and combined cash flows for the 12 months ended 31 December 2012 and 31 December 2011 for the Security Group.

Accounting Policies

For the purposes of the Unaudited Summary Combined Summary Historical Financial Information, the accounting policies applied in preparing the balances being combined are those as set out in the financial statements of the Obligors included in Annex 1 of this Prospectus.

Adjustments

In addition, the following adjustments, which have been made in a manner consistent with the Annexure to SIR 2000: Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information, have been made for the purposes of the Unaudited Combined Summary Financial Information:

- The transactions and balances between members of the Security Group including interest payable and receivable, investments in subsidiaries and receivables and payables are not reflected.
- The Security Group has not in the past formed a separate legal group; therefore the share capital or an analysis of reserves for the Security Group are not reflected. The net assets of the Security Group are represented by the cumulative investment in the companies within the Security Group (shown as "investment capital").

Unaudited Combined Summary Financial Information

The following Unaudited Combined Summary Financial Information is provided for illustrative purposes only and does not represent the Security Group's actual results of operations as if (i) the Security Group had operated as a combined commercial group during the periods presented in the Unaudited Combined Summary Financial Information or (ii) audited consolidated financial statements of the Security Group as a consolidated group had been prepared for the relevant periods, presented in accordance with UK GAAP or IFRS.

Unaudited Combined Income Statement Information

	Combined Security Group FY 2012 £m	**Combined Security Group FY 2011 £m**
Revenue	**162.5**	**162.1**
Rental Income	**119.0**	**125.2**
Revaluation of investment and development property	(20.4)	(10.7)
Administration expenses	(6.5)	(8.5)
Operating profit	**92.1**	**106.0**
Finance costs	(56.2)	(58.9)
Finance costs in respect of other group companies	(37.3)	(37.6)
Finance income	0.7	0.8
Exceptional finance costs	(12.4)	(28.5)
Change in fair value of derivative financial instruments	14.5	(19.3)

	Combined Security Group FY 2012 £m	Combined Security Group FY 2011 £m
Waiver of intergroup debt	240.0	-
Profit/(loss) for the year	**241.4**	**(37.5)**

Unaudited Combined Balance Sheet Information

	Combined Security Group FY 2012 £m	Combined Security Group FY 2011 £m
Non-current assets		
Investment and development property	2,288.8	2,300.7
Trade and other receivables	24.4	24.9
	2,313.2	**2,325.6**
Current assets		
Trade and other receivables	14.3	14.2
Amounts due from other group companies	0.1	4.2
Cash and cash equivalents	4.4	2.5
	18.8	**20.9**
Total Assets	**2,332.0**	**2,346.5**
Current liabilities		
Trade and other payables	(49.3)	(54.9)
Amounts due to other group companies	(386.7)	(617.4)
Borrowings	(23.5)	(25.4)
Derivative financial instruments	(5.9)	(3.9)
	(465.4)	**(701.6)**
Non-current liabilities		
Borrowings	(1,284.9)	(1,308.3)
Derivative financial instruments	(104.1)	(120.4)
	(1,389.0)	**(1,428.7)**
Total liabilities	**(1,854.4)**	**(2,130.3)**
Net assets	**477.6**	**216.2**
Equity		
Invested capital attributable to equity shareholders	477.6	216.2
Total capital invested	**477.6**	**216.2**

Statement of changes in invested capital		
Balance at 1 January	**216.2**	**253.7**
Net funding by Group	20.0	-
Profit/(loss) for the year	241.4	(37.5)
Balance at 31 December	**477.6**	**216.2**

Unaudited Combined Cash Flow Information

	Combined Security Group FY 2012 £m	Combined Security Group FY 2011 £m
Profit/(loss) before tax	241.4	(37.5)
Remove:		
Revaluation of investment and development property	20.4	10.7
Lease incentives and letting costs	0.2	(2.7)
Finance costs	56.2	58.9
Finance costs in respect of other group companies	37.3	37.6
Exceptional finance costs	12.4	28.5
Finance income	(0.7)	(0.8)
Waiver of intergroup debt	(240.0)	-
Change in fair value of derivative financial instruments	(14.5)	19.3
Changes in working capital:		
Change in trade and other receivables	0.5	(1.8)
Change in trade and other payables	(4.7)	5.3
Movement in intergroup funding	(23.9)	12.6
Cash generated from operations	**84.6**	**130.1**
Interest paid	(55.9)	(57.7)
Interest paid – exceptional	(12.4)	(28.5)
Interest received	0.7	-
Taxation - REIT entry charge	-	(9.0)
Cash flows from operating activities	**17.0**	**34.9**
Purchase and development of property	(8.7)	(10.6)
Cash flows from investing activities	**(8.7)**	**(10.6)**
Borrowings repaid	(26.4)	(24.3)
Issue of ordinary shares	20.0	-
Cash flows from financing activities	**(6.4)**	**(24.3)**

	Combined Security Group FY 2012 £m	Combined Security Group FY 2011 £m
Net increase in cash and cash equivalents	**1.9**	**-**
Cash and cash equivalents at 1 January	2.5	2.5
Cash and cash equivalents at 31 December	4.4	2.5

THE ISSUER

Introduction

Intu (SGS) Finance plc was incorporated in England and Wales on 8 January 2013 as a public company with limited liability under registered number 08351883. The registered office of the Issuer is at 35 Great St. Helen's, London EC3A 6AP, telephone number 0207 398 6300. The share capital of the Issuer is 50,000 ordinary shares of a nominal or par value of £1 each, 49,999 of which are paid up as to one quarter and 1 share of which is fully paid up. All of the issued ordinary shares are held by, or on behalf of, the Issuer Share Trustee on discretionary trust.

Principal Activities

The Issuer was incorporated as a special purpose vehicle for the purpose of issuing the Notes.

The principal activities of the Issuer will be the acquiring, holding and managing of its rights and assets under the Intercompany Loan Agreement and the relevant ICL Loans following the issue of a Tranche of Notes in connection with the execution and performance of the Finance Documents and the Issuer Documents, the execution and performance of all documents to which it is expressed to be a party and the exercise of related rights and powers and other activities reasonably incidental thereto. The Issuer has not, since its incorporation, commenced operations or engaged in any activities other than those incidental to its incorporation, the authorisation and issue of the Notes, the other 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.

Capitalisation and Indebtedness, and Financial Statements

Since its incorporation up to the date of this Prospectus, the Issuer has not published any financial statements.

The following table shows the expected capitalisation and indebtedness of the Issuer as at the Initial Issue Date:

	(£)
Issued share capital	
50,000 ordinary shares of £1 each, 49,999 paid up to 25 pence and one share of £1 fully paid..	12,500.75

Directors and Company Secretary

The directors of the Issuer and their respective business addresses and occupations are:

Name	Business Address	Title
SFM Directors Limited	35 Great St. Helen's, London EC3A 6AP	Director
SFM Directors (No. 2) Limited	35 Great St. Helen's, London EC3A 6AP	Director
J-P Nowacki	35 Great St. Helen's, London EC3A 6AP	Director

SFM Corporate Services Limited is the Company Secretary. The Issuer has no employees or premises.

There are no potential conflicts of interest between the duties to the Issuer of any of the directors listed above and their private interests or other duties.

Corporate Services

The Issuer Corporate Services Agreement between, amongst others, the Issuer and the Issuer Corporate Services Provider provides for the appointment of Structured Finance Management Limited as Issuer Corporate Services Provider. The Issuer Corporate Services Provider shall, subject to the terms of the Issuer Corporate Services Agreement, provide certain services to the Issuer for a remuneration specified in a separate fee letter. The services to be provided to the Issuer by the Issuer Corporate Services Provider include: the performance of all obligations incumbent on the directors or secretary of a company under the Companies Act 2006, providing accounting and tax services, the arrangements for the execution of the Issuer Documents and any documentation required to be entered into by the Issuer pursuant to the Issuer Documents, and using reasonable efforts to cause the Issuer to comply with its obligations under any Issuer Document.

Auditor

PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London WC2N 6RH, is the auditor of the Issuer.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

Issuer Year End

The financial year of the Issuer ends on 31 December of each year.

ISSUER SHARE TRUSTEE

Introduction

The Issuer Share Trustee was incorporated in England and Wales on 7 February 2000 (registered number 03920255) as a private limited company under the laws of England and Wales. The registered office of the Issuer Share Trustee is 35 Great St. Helen's, London EC3A 6AP. The issued share capital of the Issuer Share Trustee comprises 1 ordinary share of £1 each. The Issuer Share Trustee holds the entire beneficial interest in the issued share capital of the Issuer under a discretionary trust for charitable purposes.

The principal objects of the Issuer Share Trustee are set out in clause 3 of its Memorandum of Association and are, among other things, to provide services in connection with the management, administration and organisation of any company, branch or partnership.

Directors and Company Secretary

Name	Business Address	Title	Other Principal Activities
Robert Berry	35 Great St. Helen's, London EC3A 6AP	Director	
Jocelyn Coad	35 Great St. Helen's, London EC3A 6AP	Director	
Jonathan Keighley	35 Great St. Helen's, London EC3A 6AP	Director	
J-P Nowacki	35 Great St. Helen's, London EC3A 6AP	Director	
Vinoy Nursiah	35 Great St. Helen's, London EC3A 6AP	Director	
Claudia Wallace	35 Great St. Helen's, London EC3A 6AP	Director	
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director	Company Secretary

The company secretaries of the Issuer Share Trustee are Michael Drew, Jennifer Jones Debra Parsall and Helena Whitaker whose business address is at 35 Great St. Helen's, London EC3A 6AP.

The Issuer Share Trustee has no employees.

The accounting reference date of the Issuer Share Trustee is 31 December.

THE PORTFOLIO

THE BUSINESS OF INTU PROPERTIES PLC

Overview of the Group

Intu Properties plc (formerly Capital Shopping Centres Group PLC) and its Subsidiaries own and manage some of the UK's leading regional shopping centres. With 16.6 million square feet of retail space valued at £7.1 billion as at 31 December 2012, the Group's 15 shopping centres attract over 320 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.

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 intends to invest approximately £1 billion over the next ten years on active management and major extensions of existing assets at most of the Group's 15 shopping centres.

The Group' portfolio of shopping centres includes five super-regional centres; Lakeside in Thurrock, Braehead in Glasgow (which constitute two of the Initial Properties in the Security Group), the Trafford Centre in Manchester, Metrocentre in Gateshead and The Mall at Cribbs Causeway near Bristol. The Group also has centres in other prime destinations including the Victoria Centre in Nottingham and The Harlequin in Watford (which constitute the other two Initial Properties in the Security Group), as well as other shopping centres in Cardiff, Manchester, Newcastle, Norwich, Bromley, Uxbridge and Stoke-on-Trent.

The Initial Properties are a significant proportion of the Group's properties, representing approximately 33 per cent. by market value and 25 per cent by area of the Group's total properties. The Initial Properties therefore represent a key contribution to the Group's overall performance. The strategy for managing the Group and the properties within the Security Group is described below.

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:

- *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.

- *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.

- *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.

- *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.

One of the Group's key aims is to ensure that its shopping centres are compelling destinations, which it believes are destinations that provide the very best places to meet, eat, drink and socialise. In this respect, the Group's focus is on managing its shopping centres to offer customers access to the top retailers and iconic brands they love together with attractive entertainment and leisure options. This gives customers more reasons to come to the Group's shopping centres and encourages them to stay longer.

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:

- identifying growth opportunities for successful existing or potential new retail Tenants, including creating and/or developing improved retail space for such retailers;

- 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

- identifying expansion and development opportunities through acquiring land or buildings adjacent to existing shopping centre sites.

Current initiatives

The Group announced in January 2013 an innovative strategy to give its shopping centres, including those in the Security Group, a unified brand identity, intu, with a unique digital presence including an enhanced retail website as detailed below.

From spring 2013, the Group's shopping customers will be able to enjoy an online retail offer with the convenience of a shopping centre.

The Group is investing £25 million in shopping centre teams and the shopping centres' digital infrastructure over three years to:

- roll out intu's visual identity and its "World Class Service" programme across its 12 directly-managed shopping centres;

- install high capacity fibre optic cabling and WiFi networks throughout each shopping centre;

- launch intu.co.uk, a fashion-focused, mobile-enabled, online shopping website with a range of products from retailers.

Approximately £4 million of this proposed investment is expected to be allocated to the Initial Properties in the Security Group.

The Group's objective from the above initiatives 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 those in the Security Group, and their attractiveness to retailers, and open new sources of revenue.

The nation-wide intu brand and visual identity will enable the Group to market itself and its shopping centres more effectively to retailers both in the UK and internationally, to develop new commercial partnerships, and to provide nation-wide co-ordinated creative events for its customers.

From May 2013, the new brand and visual identity will be rolled out across the Group's directly-managed shopping centres in the form of physical signage, commencing with a major launch event. The four shopping centres included within the Security Group structure will be included in, and stand to benefit from, these initiatives. Implementation across each of the Initial Properties is expected to be completed by the end of the first half of 2014.

Financial position

The Group's profit for the year to 31 December 2012 was £159 million, an improvement on the profit of £34 million reported in the year ended 31 December 2011. Underlying the Group's profit for 2012 are the following key measures of performance:

(a) net rental income for the year was £363 million. On a like-for-like basis net rental income reduced by 2.7 per cent. as compared with the year to 31 December 2011, as rent increases on new and continuing leases were more than offset by the impact of tenant administrations;

(b) underlying earnings (which excludes valuation and exceptional items) of £138 million was marginally lower than at 31 December 2011 (£139 million); and

(c) 0.6 per cent aggregate like-for-like growth in the value of the Group's properties, representing a £41 million surplus created in the year.

The Group's net assets (diluted, adjusted) increased by £23 million from 31 December 2011 to £3,515 million as at 31 December 2012. At 31 December 2012, the Group had net external debt of £3,504 million (an increase of £130 million compared to 31 December 2011) and in October 2012 the Group issued a £300 million 2.5 per cent convertible bond due 2018. On this basis, the Group's debt to assets ratio as at 31 December 2012 was 49.5 per cent.

For further information, please see the section of this Prospectus entitled "*Documents Incorporated By Reference*" at page 6 above, which contains a web-link to the full annual report and audited consolidated financial statements of the Parent for the financial years ending 31 December 2011 and 31 December 2012.

THE PORTFOLIO

Introduction

The Initial Properties comprising the Portfolio on the Initial Issue Date will be the land and buildings referred to in the table below.

Property	Location	Owners
Victoria Centre	Nottingham	VCP Nominees No. 1 Limited and VCP Nominees No. 2 Limited as nominees holding it on trust for the Victoria Centre Partnership
The Harlequin	Watford	Intu Watford Limited (previously known as CSC Harlequin Limited)
Braehead	Glasgow	Braehead Glasgow Limited and Braehead Park Investments Limited
Lakeside	Thurrock	Intu Lakeside Limited (previously known as CSC Lakeside Limited)

Unless stated otherwise, all references in this section of this Prospectus to the Valuation, areas, yield, gross contracted rent, current net income, vacancies and Leases of the Initial Properties are to the value, areas, yield or estimated gross contracted rent, current net income of the Initial Properties as at the Valuation Cut-Off Date.

Valuation

DTZ has prepared a valuation report in respect of the Initial Properties as at the Valuation Cut-Off Date (see Annex 2: "*VALUATION REPORT*"). DTZ is one of the world's leading commercial real estate surveying and valuing firms and a leader in the retail, office, industrial and investment markets.

Property Due Diligence

In respect of each of the Properties comprised in the Initial Portfolio, prior to the date of this Prospectus, Certificates of Title were prepared at the request of FinCo in the form produced by the City of London Law Society Land Law Committee, Seventh Edition to evidence and certify thorough title investigations. In producing these Certificates of Title, a sampling approach was taken to the review of Leases, as described below.

With respect to Lakeside (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 rental income per Property, in the case of each sample selection, based on the Tenants and Leases in place at Lakeside as at 14 February 2013 and excluding any Tenants in administration or whose Leases have expired.

With respect to Braehead (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 rental income per Property, in the case of each sample selection, based on the Tenants and Leases in place at Braehead as at 11 December 2012 and without excluding those Tenants in administration (namely HMV and Republic who, together, account for approximately 3.6 per cent. of total rental income for Braehead)[2].

With respect to The Harlequin (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 rental income per Property, in the case of each sample selection, based on the Tenants and Leases in place at The Harlequin as at 17 January 2013 and excluding any Tenants in administration or whose Leases have expired.

With respect to the Victoria Centre, the Leases of the Tenants accounting for the 20 highest rental incomes in the Victoria Centre were reviewed (the aggregate rental income of which accounted for approximately 55 per cent. of the rental income for the Victoria Centre), together with a representative cross-sample of an additional 30 Leases (the aggregate rental income of which accounted for approximately 13 per cent. of the total rental income for the Victoria Centre), in the case of each sample selection, based on the Tenants and Leases in place at the Victoria Centre as at 14 February 2013 and excluding any Tenants in administration or whose Leases have expired.

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[2] The Lease relating to Next is operating under "tacit relocation", namely the expiry date under the Lease has occurred but the Lease has not been terminated and so continues for 1 year at a time (on a rolling basis) on the same terms and conditions, unless either party serves a termination notice.

Portfolio Overview

Property	Location	Tenure	Area ('000 sq. ft)	Number of Retail Leases	Current net income (£m)	Estimated Rental Value (£m)	% of Market Valuation	Valuation Cut-Off Date	Market Value (£m)
Lakeside	Thurrock	Freehold	1,434	238	57.2	66.4	47.4	31 December 2012	1,092.5
Braehead	Glasgow	Freehold	1,133	132	30.9	41.6	25.2	31 December 2012	582.0
The Harlequin	Watford	Leasehold	726	126	18.2	25.9	14.1	31 December 2012	324.0
Victoria Centre	Nottingham	Freehold	981	117	16.5	24.1	13.3	31 December 2012	307.0
Total			4,274	613	122.8	158.0	100.0	N/A	2,305.5

Note: Current net income is the net total of gross contracted rents payable by Tenants at the valuation date plus where applicable commercialisation income plus net car park income less non-recoverable costs and an allowance for costs associated with vacant units.

Location of the Initial Properties

PORTFOLIO DATA AND COMMENTARY

Lease Expiry Profile

The following table shows, in relation to the Initial Portfolio, the expiry of all tenancies by gross contracted rent over time, as at the Valuation Cut-Off Date:

Year of Expiration	Number of retail leases expiring	Expiring area ('000 sq. ft)	% of total let area	Gross contracted rent (£'m)	% of total gross contracted rent	Cumulative % of total gross contracted rent
2013*	70	196	4.8%	5.9	5.2%	5.2%
2014	95	417	10.2%	17.1	15.0%	20.2%
2015	72	397	9.7%	19.3	17.0%	37.2%
2016	62	154	3.8%	10.5	9.2%	46.4%
2017	66	191	4.7%	11.8	10.4%	56.8%
2018	38	159	3.9%	7.2	6.3%	63.1%
2019	39	104	2.5%	7.5	6.6%	69.7%
2020	37	109	2.7%	6.7	5.9%	75.6%
2021	41	100	2.4%	6.7	5.9%	81.5%
2022	23	74	1.8%	1.2	1.1%	82.6%
2023	2	32	0.8%	1.5	1.3%	83.9%
2024	8	81	2.0%	1.7	1.5%	85.4%
2025+	60	2,063	50.7%	16.6	14.6%	100.0%
Total	**613**	**4,077**	**100.0%**	**113.7**	**100.0%**	

* Includes any leases that have expired, but the Tenants are holding over under the Landlord & Tenants Act, assuming that such leases will expire in 2013.

Note: The above table has been calculated on the presumption that each tenancy is terminated on the maturity of the tenancy (except for leases that have expired, but the Tenants are holding over under the Landlord & Tenants Act). gross contracted rent has been determined as at the Valuation Cut-Off Date.

The weighted average of unexpired tenancy terms by gross contracted rent is 6.8 years.

Tenant Concentration

The following table, in relation to the Initial Portfolio, shows the largest Tenants (by ultimate holding company/corporate group) by gross contracted rent, the percentage of total gross contracted rent each such Tenant represents and the total area occupied by these Tenants as at the Valuation Cut-Off Date:

Tenants	Number of units	Gross contracted rent (£'m)	% of total gross contracted rent	Cumulative % of total gross contracted rent	% of total area let	Cumulative % of total area let	Average lease expiry (years)
Arcadia	16	7.0	6%	6%	5%	5%	6
Next	7	4.9	4%	10%	4%	9%	3
Primark	3	4.6	4%	14%	4%	13%	19
Boots	6	3.9	3%	17%	5%	18%	22

Tenants	Number of units	Gross contracted rent (£'m)	% of total gross contracted rent	Cumulative % of total gross contracted rent	% of total area let	Cumulative % of total area let	Average lease expiry (years)
W H Smith	4	3.1	3%	20%	2%	20%	3
JD Sports...............	7	3.0	3%	23%	1%	21%	3
Monsoon	9	2.6	2%	25%	1%	22%	5
Sportsdirect.com....	5	2.5	2%	27%	1%	23%	7
House of Fraser	2	2.4	2%	29%	6%	29%	15
H&M.....................	3	2.2	2%	31%	1%	30%	7

Three retail Tenants, Jessops, HMV and Republic, have entered administration since 31 December 2012. These retailers occupy 10 units across the Initial Properties and represent approximately 3.6 per cent. of gross contracted rent at 31 December 2012. Of the 10 units, 2 units have been closed with a further 2 units to be closed in the near future. The remaining 6 units (representing approximately 2.4 per cent of gross contracted rent) are still trading. Discussions regarding the future of the units are on-going with the administrators of each respective retailer. In respect of those units 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. In respect of those units still trading, it is possible that, if the existing business is sold, the new owner will want to retain the unit. In this situation, a transfer of the existing lease to such new owner will be subject to both parties reaching an acceptable agreement on the terms of any such transfer.

Portfolio Concentration

Subject to the Asset Criteria Adjustment Mechanism, the Portfolio must comply, amongst other things, with the following criteria as at the Initial Issue Date, and thereafter as at the date a Prime Shopping Centre first becomes part of the Portfolio as an Eligible Property or upon any disposal or withdrawal of a Prime Shopping Centre from the Portfolio. Accordingly the Portfolio must:

- comprise at least four Prime Shopping Centres (as regards the Initial Portfolio, these are Lakeside, Braehead, The Harlequin and the Victoria Centre);
- include (i) one Prime Shopping Centre in a Major City or Regional Shopping Centre having a minimum of 1,400,000 sq. feet of lettable space, or (ii) two Prime Shopping Centres each in a Major City or being a Regional Shopping Centre, and each having a minimum of 1,000,000 sq. feet of lettable space, in each case including (for the avoidance of doubt) an Eligible JV Interest in a property or properties satisfying such criteria (as regards the Initial Portfolio, Lakeside satisfies criteria (i) and Lakeside and Braehead satisfy criteria (ii));
- not include Eligible JV Interests comprising more than 25 per cent. of the Adjusted Total Collateral Value (the Initial Portfolio does not include any Eligible JV Interests);
- be constituted such that no Prime Shopping Centre region, other than London and the South East, can exceed more than 50 per cent. of the Adjusted Total Collateral Value (as regards the Initial Portfolio, those shopping centres located outside of London or the south east (i.e. Braehead and the Victoria Centre) do not, either individually or combined, comprise more than 50 per cent. of the Adjusted Total Collateral Value); and

- be constituted such that Prime Shopping Centres with a primary catchment area that is a Sub-Regional Centre cannot exceed 25 per cent. of the Adjusted Total Collateral Value (as regards the Initial Portfolio, no shopping centre comprised in it has a primary catchment area which is a Sub-Regional Centre).

An Obligor may elect to include as an Eligible Property within the Portfolio an Eligible JV Interest or Prime Shopping Centre that, without adjustment, would result in a breach of the Asset Criteria, in the circumstances permitted under the Common Terms Agreement, as more particularly described under "*Description of the Principal Transaction Documents – Common Terms Agreement – Property Covenant – Asset Criteria*", on page 126 below.

Occupational Tenancies

As at the Valuation Cut-Off Date, units in the Initial Portfolio were let to approximately 360 Tenants under approximately 610 Leases in total.

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), meaning that an appropriate proportion of the cost of insuring and repairing the relevant property of which the let premises form part is 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 Leases 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 properties of the type comprised in the Portfolio.

Shopping Centre Market Commentary

The unsettled macroeconomic environment remains a significant influence on the UK retail property occupational market. Since 2008, the UK economy has experienced levels of volatility as a result of the global financial crisis.

UK economic output showed no overall growth or decline in 2012, with marginal increases and decreases in discrete quarters. Consumer confidence, as measured by the market research company GfK NOP, remains negative, broadly in line with the same period in 2011. UK average household disposable income was also unchanged in 2012, according to the Asda benchmark index, as the excess of household inflation over wage increases has been offset by a lower unemployment rate.

The lack of economic growth in the UK is illustrated by the number of businesses entering into administration. According to the Centre for Retail Research, 2012 was the worst year in this respect since 2008, with a 75 per cent. increase in the number of businesses entering into administration compared to 2011.

The clearest impact on retail property in the UK of the economic stagnation is the level of vacancies, which has remained high at 14 per cent. overall in 2012 (according to the Local Data Company). Such data also indicates significant variations in vacancy levels as between large "prime" shopping centres (such as those owned and operated by the Group) and less desirable retail sites (such as those located in smaller town centres). Consequently, the Group's properties, including the Initial Properties, continue to record vacancy levels substantially below the overall level referred to above.

Tenant failures in the Group's property portfolio were at a low level in 2010 and 2011 but increased to 6 per cent. of gross contracted rent in 2012. The Initial Properties in the Security Group experienced a similar level of Tenant failures in relation to gross contracted rent, as that experienced across the Group's total properties.

Long-standing shopping habits are altering significantly, with new retail channels involved in all aspects of a purchase. Estimates indicate that almost half of UK internet users now make use of the internet at some stage of the shopping process. In addition, more than 10 per cent of UK retail sales are now online and two thirds of all UK consumers have researched online before buying in store.

Use of mobile devices for research and buying has increased considerably since 2010. Research has shown that by mid 2012, over half of fashion consumers had used a mobile device to make purchases and almost two thirds of smartphone owners had used their smart phone in the purchase process. Several retailers have commented that shoppers using more than one retail channel spend more overall than those using a single retail channel.

The last few years have been a time for review and reorganisation for retailers and their store portfolios. The trend for fewer stores is most apparent for fashion retailers as customers' multi-channel shopping habits reinforce the need to be able to reach customers wherever they are, whenever they want to shop.

Store location analysis has highlighted to some retailers the need to remove poor performing stores from portfolios, with other retailers using their lease expiry profile to close non profitable locations. Given this strategy, prime locations are becoming increasingly "prime" and secondary locations are struggling to offer the customer the desired retail experience. The Group's properties, including the Initial Properties in the Security Group, are well positioned to continue to benefit from this focus on quality locations.

The format of retail stores is also changing as retailers seek to offer the customer a brand experience when they visit physical stores. Multichannel shopping by customers can involve both viewing and researching products on a mobile device and actually touching and experiencing the relevant product in store. This has led to a number of retailers developing larger stores as they seek to offer their customers easier access to this full brand experience when visiting a physical store.

The retail market has also responded to customers' catering requirements including flexible catering facilities offering a wider choice of food and drink and other refreshments throughout the day as customers plan their shopping and other leisure experience at a shopping centre for the duration of their visit. National figures (source: CBRE) showing the number of units of multiple leisure (including cinemas) and catering operators increased by more than a third over the last five years, compared to a ten per cent increase in those selling other product types.

The construction of new shopping centre space, which was reduced during the financial crisis, remains very low and is not expected to increase until a sustained economic upturn occurs. The lack of new supply, particularly of units suitable for modern retailing, is to the benefit of existing prime shopping centres, such as those owned by the Group.

Yields for prime regional shopping centres, such as those owned by the Group (including the Initial Properties in the Security Group), have remained stable in the period since 2008. Conversely, investor concern about the occupational market is affecting appetite for secondary assets and causing yields for secondary shopping centres to increase markedly and values to come under pressure.

Insurance

Intu has insurance policies in place for damage to the Properties and business interruption (including in respect of terrorism). This is on a "day one non-adjustable" cover to which the sum insured is 150% of the declared value for that 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 a 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.

Sweett (UK) Limited have confirmed that the Initial Portfolio is valued for insurance purposes at £1,471,569,000**.** In addition, Marsh Limited have confirmed that, as at or about the Initial Issue Date, to the best of their 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 relevant 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 each Property in accordance with the requirements of the Common Terms Agreement. See the section of this Prospectus entitled "*Description of the Principal Transaction Documents – Common Terms Agreement – Property Covenants – Insurances and Insurance Proceeds*" on page 131 below for further details.

The current insurance covering liability of property owners indemnifies each of the Properties within the Portfolio for legal liability arising out of, or in respect of, injury to any person and property damage. The limit of the indemnity is £5,000,000 for any one product liability occurrence and in aggregate for the period of cover, and £5,000,000 for any one public liability occurrence but unlimited in the period of cover. There are an additional 3 layers of indemnity which total £195,000,000 for any one product liability occurrence and in the aggregate for the period of cover, and £195,000,000 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 £1,000,000 for any one event and in aggregate in the period of insurance which has an excess of £5,000 for any one event claim.

The engineering combined inspection and insurance policies provide insurance cover of up to £1,000,000 for damage to insured property and up to £250,000 for loss of contents (such as contents from storage tanks) and increase in cost of working.

The Property Administrators providing property management and administration services to members of the Security Group have employers' liability policies with an indemnity limit of £25,000,000 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 £5,000,000 in aggregate in any one-year period of insurance cover. Please also see the section of this Prospectus entitled "*Risk Factors – The Security Group may be insufficiently insured against all losses, damage and limitations of use of its Properties*" at page 29 above.

THE PROPERTIES

A description of each Property comprising the Initial Portfolio, including, *inter alia*, the location and nature of each property, the tenure, and the key Tenants is set out below.

Lakeside, Thurrock

Lakeside opened in 1990, was one of the first out-of-town regional shopping centres in the South of England and, together with the adjoining retail parks, is at the centre of Europe's largest aggregation of retail floor space. Lakeside is located on the eastern perimeter of London's M25 orbital motorway and offers approximately 1.4 million square feet of retail and leisure space.

Lakeside has approximately 4.3 million people of who reside within 45 minutes' drive time. The average dwell time of customers at Lakeside is 2 hours and 13 minutes. 26 per cent of customers to the centre visit at least once a week with 60 per cent visiting at least once a month. Lakeside received 25 million customer visits during the financial year ending 31 December 2012.

Lakeside has over 250 shops. The key tenants include Marks & Spencer, Argos, Primark, Bhs, Boots, Debenhams, TopShop/TopMan, House of Fraser, Next, Apple and Forever 21. The shopping centre also has a nine-screen multiplex cinema, a range of restaurants and cafés and parking space for 13,000 cars. As at the Valuation Cut-Off Date, Lakeside's occupancy level was 97 per cent. including units under offer.

Lakeside has attracted a number of new retail brands in the year ending 31 December 2012, including US brands Forever 21 and The Locker Room and first phase stores for the new brand launch of Schuh Kids. In addition, there were significant lease renewals concluded by Bhs, Topshop and Sportsdirect during this period.

Planning consent has been secured for a 325,000 square feet retail extension and an 81-bedroom hotel. Plans are being developed for a cluster of new retailers, to differentiate from the existing tenant mix. Subject to pre-letting, construction of the extension could start in 2014. Following indications of strong public support for outline leisure proposals, detailed plans are being developed for a new leisure destination at Lakeside including a larger cinema, cafes, restaurants, bars and other leisure and fitness facilities, including a proposed investment of £9 million in the "Lakeside Foodcourt" which is expected to commence during 2013. The following table sets out certain key summary information relating to Lakeside as at the Valuation Cut-Off Date:

Tenure	Freehold
Current Net Income	£57.2m
Current gross contracted rent	£59.0m
Estimated Rental Value ("**ERV**")	£66.4m
Market Value	£1,092.5m
Occupancy	97%
Annual footfall	25m
Average Lease Term Unexpired	6.6yrs
Net Initial Yield	5.02%
True Equivalent Yield	5.83%
Nominal Equivalent Yield	5.63%

The following table sets out summary information on the top ten Tenant groups (by gross contracted rent) at Lakeside as at the Valuation Cut-Off Date:

Tenant	**Number of units**	**Gross contracted rent (£'m)**	**% of total gross contracted rent**	**Cumulative % of total gross contracted rent**	**Average Lease expiry (years)**
Arcadia	7	4.3	8%	8%	9
Primark	1	2.0	4%	12%	22

Tenant	Number of units	Gross contracted rent (£'m)	% of total gross contracted rent	Cumulative % of total gross contracted rent	Average Lease expiry (years)
JD Sports	3	1.7	3%	15%	4
Next	1	1.6	3%	18%	3
Boots	2	1.6	3%	21%	3
House of Fraser	1	1.5	3%	24%	13
Debenhams	1	1.5	3%	27%	13
WH Smith	1	1.1	2%	29%	3
Inditex	1	1.1	2%	31%	6
Aurora	3	0.9	2%	33%	4

Braehead, Glasgow

The shopping centre at Braehead opened in September 1999 and is one of Scotland's premier shopping and leisure destinations and, combined with the retail park, offers approximately 1.1 million sq. ft. of retail and leisure space, as at the Valuation Cut-Off Date.

Braehead has approximately 2.4 million people who reside within 45 minutes' drive time. The average dwell time of customers at Braehead is 1 hour and 27 minutes. 40 per cent of customers to the centre visit at least once a week with 76 per cent visiting at least once a month as at the Valuation Cut-Off Date. Braehead received 17 million customer visits during the financial year ending 31 December 2012.

The Braehead shopping centre and retail park are at the heart of the successful regeneration area led by the Group, which now also includes the Xscape leisure destination, Ikea, business parks, new homes, flagship car dealerships and a Dobbies garden centre.

Braehead offers a combination of retail and leisure attractions in a riverfront location on the River Clyde, including over 120 shops, skating, curling, an arena which plays host to national and international events and a business park. The centre, anchored by Marks & Spencer and Primark, and the retail park combine to provide leading names in fashion with major space users including Apple, Next, New Look, H&M, Hollister, TopShop and W H Smith.

Braehead is situated between Glasgow Airport and Glasgow city centre and has direct access from the M8 motorway to its 6,500 free parking spaces. The centre is served by local and regional bus routes and water taxis in the summer. As at the Valuation Cut-Off Date, Braehead's occupancy level was 95 per cent. including units under offer.

Significant new lettings concluded in the financial year ending 31 December 2012 include Hollister, Schuh and Apple. Lease renewals have also been concluded with Top Shop and J D Sports.

In 2012, Braehead was the subject of a major review and re-appraisal, following which a number of proposed improvements were implemented. Work was carried out to enhance the retailer mix and catering offer: high impact, low outlay improvements have been made, together with strategic acquisitions, and the Group has pursued planning consents for future growth, in each case, as described further below:

- new retailers have been introduced, and growth opportunities provided for successful existing retail Tenants including Next, who are expanding into a new 35,000 square feet store scheduled to open by the end of 2013;
- investment has been made in the food and beverage offer by increasing the customer choice and moving escalators to strengthen links with the main mall. The upper level has been refurbished with double height signage zones, in order to transform the visual experience;
- an 11% increase in headline rent has been established;
- in early 2012, 30 acres of land were bought for future development and in December 2012 the Group acquired full ownership of the adjacent Xscape leisure scheme; and
- the Group has secured planning consent for a 36,000 square feet extension to the adjacent retail park.

In November 2012, Renfrewshire Council resolved to designate Braehead as a towncentre and, in January 2013, a planning application was submitted for a major expansion at Braehead including a transport interchange, entertainment facilities, a hotel and 440,000 square feet of retail space.

The following table sets out certain key summary information relating to Braehead as at the Valuation Cut-Off Date:

Tenure	Freehold
Current Net Income	£30.9m
Current gross contracted rent	£31.9m
ERV	£41.6m
Market Value	£582.0m
Occupancy	95%
Annual Footfall	17m
Average Lease Term Unexpired	6.2yrs
Net Initial Yield	5.07%
True Equivalent Yield	6.28%
Nominal Equivalent Yield	6.05%

The following table sets out summary information on the top ten Tenant groups (by gross contracted rent) at Braehead as at the Valuation Cut-Off Date:

Tenant	Number of units	Gross contracted rent (£'m)	% of total gross contracted rent	Cumulative % of total gross contracted rent	Average Lease expiry (years)
Primark	1	1.7	6%	6%	22
Next	4	1.6	6%	12%	2
Arcadia	5	1.6	6%	18%	2
New Look	1	1.4	5%	23%	10

Tenant	Number of units	Gross contracted rent (£'m)	% of total gross contracted rent	Cumulative % of total gross contracted rent	Average Lease expiry (years)
Sportsdirect.com	2	1.0	4%	27%	5
Boots	1	1.0	3%	30%	11
Dixons	2	1.0	3%	33%	12
Monsoon	2	1.0	3%	36%	5
J D Sport	2	1.0	3%	39%	2
H&M	1	0.7	3%	42%	13

Recently, new leases have been exchanged with Next, Arcadia and J D Sport that will extend the above lease expiry dates from 2 years to on average over 10 years.

The Harlequin, Watford

Opened in phases from 1990 to 1992, The Harlequin provides 726,000 sq. ft. of retail space. It is a popular shopping destination only a short distance from the M1, with a dual carriageway leading directly to the centre's car parks, providing a total of 2,050 parking spaces.

The Harlequin has approximately 5.2 million people who reside within 45 minutes' drive time. The average dwell time of customers at The Harlequin is 1 hour and 47 minutes. 45 per cent of customers to the centre visit at least once a week with 77 per cent visiting at least once a month as at the Valuation Cut-Off Date. The Harlequin received 15 million customer visits during the financial year ending 31 December 2012.

The Harlequin has over 140 stores and is anchored by a John Lewis department store, Marks & Spencer, Bhs and Primark. Other Tenants include a wide range of leading national and international retailers such as Apple, Zara and Next, together with specialist and local traders. New Tenants during the financial year ending 31 December 2012 included Apple, Lakeland, Phase Eight and Schuh. As at the Valuation Cut-Off Date, The Harlequin's occupancy was 92 per cent. including units under offer.

As a mixed-use project, The Harlequin includes restored listed buildings, flats and office accommodation, as well as the three car parks which are attached to the malls. The Harlequin manages, on behalf of Watford Borough Council, approximately 2,576 parking spaces in four other town-centre car parks close to the centre, pursuant to a lease of 35 years from 1990.

Watford Borough Council holds the remaining approximately 7 per cent. interest in The Harlequin, Watford.

Significant new lettings concluded in the financial year ending 31 December 2012 include those for Apple, Lego, Schuh and Everything Everywhere.

The Group is due to exchange an agreement with Watford Borough Council for the lease of the adjoining Charter Place and anticipate making a planning application for redevelopment. There has been an encouraging level of interest from retailers since plans were announced for new leisure, catering and larger format retail units. It is expected that the proposed redevelopment of the existing Charter Place will meet unsatisfied demand for larger sized stores that are not currently available in Watford town centre. As such, the redevelopment has the potential to attract a number of new retailers or allow existing retailers to develop new flagship stores in the town centre. Although the proposed Charter Place Development is not currently intended to form, or become, part of the Portfolio held by the Security Group, as The Harlequin is adjacent to the Charter Place site, it is anticipated that The Harlequin and its tenants will benefit from the footfall likely to be generated by the new development. A number of existing retailers have expressed an intention to undertake major new shop fittings of their existing units at The Harlequin to coincide with the development of Charter Place.

The Harlequin Headleases (apart from that relating to adjacent car parks) are for a term of 999 years, expiring in 2986. The Harlequin Headleases provide for certain controls by the landlord over lettings, user and alterations.

In relation to the Charter Place Development, the Group expects to enter into discussion with Watford Borough Council in order to agree certain amendments to, and a consolidation of, the Harlequin Headleases. Please see the section of this Prospectus entitled '*Description of the Principal Transaction Documents – Common Terms Agreement – Property Covenants – Development*' on page 128 for a description of certain restrictions with which the Obligors must comply in relation to such prospective amendments and consolidation.

The following table sets out certain key summary information relating to The Harlequin as at the Valuation Cut-Off Date:

Tenure	Leasehold
Current Net Income	£18.2m
Current gross contracted rent	£21.2m
ERV	£25.9m
Market Value	£324.0m
Occupancy	92%
Annual Footfall	15m
Average Lease Term Unexpired	4.3yrs
Net Initial Yield	5.35%
True Equivalent Yield	6.88%
Nominal Equivalent Yield	6.60%

The following table sets out summary information on the top ten Tenant groups (by gross contracted rent) at The Harlequin as at the Valuation Cut-Off Date:

Tenant	**Number of units**	**Gross contracted rent (£'m)**	**% of total gross contracted rent**	**Cumulative % of total gross contracted rent**	**Average Lease expiry (years)**
Primark	1	1.0	6%	6%	4
WH Smith	1	0.7	4%	10%	3
Next	1	0.7	4%	14%	2
H&M	1	0.6	3%	17%	5

Tenant	Number of units	Gross contracted rent (£'m)	% of total gross contracted rent	Cumulative % of total gross contracted rent	Average Lease expiry (years)
Sportsdirect.com	2	0.5	3%	20%	7
HMV	1	0.5	3%	23%	4
Monsoon	3	0.5	3%	26%	5
A S Watson................................	2	0.4	3%	29%	4
A Jones	1	0.4	3%	32%	3
Signet Group	2	0.4	3%	35%	4

Victoria Centre, Nottingham

The Victoria Centre is a major shopping destination in Nottingham city centre, with 981,000 sq. ft. of retail space. The Victoria Centre was built in the 1970s, regenerating a redundant railway station. The mixed-use development incorporates 464 flats and an office block. There are approximately 2,400 parking spaces attached to the mall.

The Victoria Centre has approximately 120 shops including two department stores, John Lewis and House of Fraser, and a wide variety of fashion shops. Major space users include Boots, Tesco Metro, W H Smith, Next and Argos. New Tenants during the financial year ending 31 December 2012 included Thomas Sabo and Everything Everywhere.

The Victoria Centre has approximately 3.2 million people who reside within a 45-minute drive time, ensuring strong pedestrian flows, and the centre is served by a strong network of local buses. The average dwell time of customers at the Victoria Centre is 1 hour and 6 minutes. 49 per cent of shoppers to the centre visit at least once a week with 80 per cent visiting at least once a month as at the Valuation Cut-Off Date. The Victoria Centre received 23 million customer visits during the financial year ending 31 December 2012.

The Group acquired the Broadmarsh Centre, which is also located in Nottingham, in December 2011 and is currently progressing plans for a £36 million refurbishment of the Victoria Centre, which will be followed by the redevelopment of Broadmarsh and the extension of the Victoria Centre.

As at the Valuation Cut-Off Date, the Victoria Centre's occupancy level was 94 per cent. including units under offer.

The following table sets out certain key summary information relating to the Victoria Centre as at the Valuation Cut-Off Date:

Tenure..	Freehold
Current Net Income	£16.5m
Current gross contracted rent	£18.9m
ERV	£24.1m
Market Value	£307.0m
Occupancy..	94%
Annual Footfall	23m

Average Lease Term Unexpired	11.1 yrs
Net Initial Yield	5.10%
True Equivalent Yield	6.92%
Nominal Equivalent Yield	6.65%

The following table sets out summary information on the top ten Tenant groups (by gross contracted rent) at the Victoria Centre as at the Valuation Cut-Off Date:

Tenant	**Number of units**	**Gross contracted rent (£'m)**	**% of total gross contracted rent**	**Cumulative % of total gross contracted rent**	**Average Lease expiry (years)**
Boots	2	1.4	9%	9%	52
Arcadia	3	1.1	7%	16%	2
Next	1	1.0	6%	22%	5
House of Fraser	1	0.8	6%	28%	20
Tesco	1	0.6	4%	32%	3
WH Smith	1	0.6	4%	36%	4
HMV	1	0.5	3%	39%	5
Monsoon	2	0.5	3%	42%	6
AS Watson	2	0.4	3%	45%	4
Gap	1	0.4	3%	48%	1

DESCRIPTION OF THE PRINCIPAL TRANSACTION DOCUMENTS

COMMON TERMS AGREEMENT

General

Each of the Obligor Security Trustee, the Obligor Cash Manager, the Obligor Account Bank, the Initial Hedge Counterparties, the Initial Authorised Loan Facility Providers, the Issuer Trustee, the Property Administrators and others will, on or before the Initial Issue Date, enter into a Common Terms Agreement. The Common Terms Agreement will set out the representations and the covenants (positive, negative and financial) made by each Obligor, the Prepayment Principles and the Obligor Events of Default which will apply to each Authorised Finance Facility (including any ICL Loan made by the Issuer under the Intercompany Loan Agreement) and the Obligor Pre-Enforcement Priority of Payments and Obligor Post-Enforcement Priority of Payments.

A summary of the representations, covenants, Prepayment Principles and the Obligor Events of Default to be included in the Common Terms Agreement is set out below.

Representations

On the date of the Common Terms Agreement, each Obligor shall jointly and severally make a number of representations in respect of itself to each Finance Party. Each Obligor shall be deemed to repeat certain representations (as applicable) on (i) the date of signing of each Authorised Finance Facility Agreement, the date of each Drawdown and the date of each Request under an Authorised Finance Facility, (ii) each Interest Payment Date, (iii) the date of the accession of any Additional Obligor, (iv) the date of the Preliminary Prospectus, the Prospectus, the Subscription Agreement in relation to the Initial Notes and the Initial Issue Date and, in relation to any subsequent Issue Date, the date of the then relevant Preliminary Prospectus (if applicable), the Prospectus, the related Subscription Agreement and such Issue Date (provided that such repeated representations shall be deemed to be made by reference to the facts and circumstances then subsisting and not as at the date of the Preliminary Prospectus or Prospectus (as applicable)), (v) each date on which this Prospectus is updated or supplemented, (vi) each date of delivery of a Valuation, (vii) each date of delivery of a Certificate of Title or a Materiality Report, (viii) on the date of delivery of any Financial Statements in accordance with the Common Terms Agreement, and (ix) on each Issue Date and on the date of first Drawdown under each Authorised Loan Facility.

It will be a term of the Common Terms Agreement that any representation or warranty contained in any Authorised Finance Facility Agreement which is in addition to those in the Common Terms Agreement, or which repeats more frequently than that in the Common Terms Agreement, will be unenforceable (to the extent of such additional or more frequent repetitions) save for (i) any tax representation, (ii) any additional representation or warranty contained in any Hedging Agreement, (iii) any additional representation or warranty contained in a Liquidity Facility Agreement or (iv) any representation or warranty given in an Authorised Finance Facility Agreement provided that such additional representations and warranties are given to each other Finance Party for such time as any amounts remain outstanding under the relevant Authorised Finance Facility Agreement and in each case the related rights of each Finance Party are subject to the terms of the Common Terms Agreement and STID.

The representations contained in the Common Terms Agreement will be subject, in some cases, to agreed exceptions, customary qualifications and to qualifications as to materiality and reservations of law, and will include, *inter alia*, representations as to:

(a) its corporate status (or, for the Partnership, its status as a limited partnership) and certain other legal matters;

(b) its power and authority to enter into, perform and deliver the Finance Documents;

(c) the legality, validity, enforceability and admissibility in evidence of the Finance Documents, subject to the Reservations;

(d) non-conflict with any material laws or regulation applicable to it, its constitutional documents, any documents binding on it or any licence required by it;

(e) no Obligor Event of Default or Obligor Potential Event of Default being continuing or resulting from entry into, and performance of, the Finance Documents and no other event or circumstance constituting a default or termination event (however described), which could reasonably be expected to have a Material Adverse Effect, under any document binding on it being outstanding;

(f) it obtaining or completing all Authorisations required by it to enter into, and perform, the Finance Documents, or necessary to conduct its business and make the Finance Documents admissible in evidence;

(g) the ownership of its entire issued share capital or partnership interest (as applicable);

(h) it carrying on a Permitted Business only and it having no employees;

(i) its Centre of Main Interests being in, and the meetings of its board of directors customarily being held in, its jurisdiction of incorporation or, if different, the United Kingdom;

(j) it not having registered any "establishments" (as defined in Part I of the Overseas Companies Regulations 2009) with the Companies Registry in England and Wales or Scotland;

(k) no litigation proceedings being current, pending or threatened which are reasonably likely to be adversely determined, and, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(l) no Insolvency Event occurring or continuing in relation to it;

(m) the Obligor Security being (subject to the Reservations) valid and effective and it being the legal and beneficial owner (or in relation to any assets located in Scotland, the registered or heritable proprietor) of the Obligor Security;

(n) the claims of the Secured Participants ranking prior to the claims of its other unsecured and unsubordinated creditors, subject to Permitted Security Interests and to the Reservations;

(o) no Financial Indebtedness being incurred other than Permitted Financial Indebtedness;

(p) no claims in relation to Taxes could reasonably be expected to be asserted against it (where, if determined adversely to it, it would result in an aggregate liability of the Obligors for all such claims for Tax being in excess of £500,000), and it not being the subject of any non-routine investigation by any Tax Authority;

(q) the preparation of its Financial Statements being in accordance with Applicable Accounting Principles and such Financial Statements giving a true and fair or (in the case of any unaudited Financial Statements) fairly present view of its financial condition as at the date of their preparation;

(r) except as disclosed in its Financial Statements, this Prospectus, any Investor Presentation, the Initial Valuation or any Certificate of Title or Materiality Report:

(i) the information provided by it in connection with the Finance Documents being true, complete and accurate in all material respects as at the date provided and no event occurring since such date rendering such information untrue, incomplete, inaccurate or misleading in any material respect; and

(ii) the non-factual information, assumptions, forecasts or projections used in respect of any calculations made pursuant to the Finance Documents having been made in good faith on reasonable grounds after careful consideration and being consistent with Applicable Accounting Principles and Good Industry Practice;

(s) in respect of all the Properties:

(i) the information provided to the Valuer in respect of the Initial Valuation being true, complete and accurate in all material respects as at its date;

(ii) each Obligor Valuation is instructed to be undertaken in accordance with the then-current edition of the RICS Appraisal and Valuation Standards and does not contain any special assumptions which would be unusual in the context of such a valuation;

(iii) the information provided in respect of the relevant Certificate of Title and any Materiality Report being true, complete and accurate in all material respects as at its date, and save as otherwise disclosed there being no subsequent event or circumstance of which the Obligor is aware rendering it unable to make the representations set out in paragraphs (iv), (v) and (viii) below or which in such Obligor's reasonable opinion, could be reasonably expected to have a material adverse effect on the Total Collateral Value of the Portfolio;

(iv) save as disclosed in the relevant Certificate of Title or the Materiality Report, each PropCo having good title to the relevant Property and all its assets (where the absence could reasonably be expected to have be material);

(v) save as disclosed in any Certificate of Title or the Materiality Report, (a) there being no breach of any law or regulation materially adversely affecting the value of the Property, (b) there being no covenants, agreements, stipulations, reservations, conditions, interests, rights or other matters not permitted by the Finance Documents materially adversely affecting the Property, (c) there being no overriding interest over the Property materially adversely affecting the Property (save in respect of any Leases granted pursuant to the provisions in the Common Terms Agreement), (d) there being no person entitled to terminate or curtail the use of any right or interest in land necessary for the enjoyment and use of the Property, (e) no notice of any claim which may be material and adverse in respect of the ownership of the Property having been received, and (f) no compulsory purchase order existing or being threatened in respect of the Property which have not been otherwise disclosed to the Obligors in accordance with the Finance Documents;

(vi) each Obligor having obtained and observed all applicable Environmental Licences and having observed all Environmental Law necessary for the conduct of its business, which if not obtained or deserved, could reasonably be expected to have a Material Adverse Effect;

(vii) save as previously disclosed to the Secured Participants, no Environmental Claims having been commenced or threatened in writing and there being no facts or circumstances existing which will or are reasonably likely to result in an Environmental Claim, in each case which, if adversely determined, could reasonably be expected to have a Material Adverse Effect, and the appropriate regulation of processes carried out on the Property;

(viii) save as disclosed in any Certificate of Title or any Materiality Report, it has complied with all applicable planning laws, fire, police and building regulation and all undertakings given to, or agreements entered into with, any relevant planning, environmental or health and safety authority (in each case if not obtained, observed or complied with could reasonably be expected to have a Material Adverse Effect);

(ix) the obtaining of, and compliance with, all permanent planning permissions and building regulation approvals (in each case if not obtained, observed or complied with could reasonably be expected to have a Material Adverse Effect);

(x) all Insurances being maintained in accordance with Good Industry Practice, such Insurances being in full force and effect and there having been no breach of any term which would entitle the insurer to materially avoid such Insurances;

(t) save as disclosed in the Opinions, it not being necessary to file, register or record any Finance Document or that any stamp duty, registration or similar tax be paid in the United Kingdom on or in respect thereof;

(u) the structure chart of the Security Group delivered by the Obligors as at the Initial Issue Date is true, complete, accurate and not misleading in all material respects;

(v) it not operating or agreeing to assume any obligations in respect of any occupational pension scheme;

(w) arrangements or contracts, other than the Finance Documents or incidental to the Finance Documents, having been entered into on (a) an arm’s length basis or (b) between members of the Security Group or with Non-Restricted Group Entities (other than any unsubordinated, material contract with a Non-Restricted Group Entity to document any service which would reasonably be expected to be documented in a contract, which has been entered into on an arm’s length basis or on reasonable market terms);

(x) the choice of governing law and jurisdiction specified in each Finance Document and any judgment obtained in relation to a Finance Document being (subject to the Reservations) recognised and enforced in the jurisdiction of its incorporation and in the jurisdiction of the governing law of that Finance Document;

(y) pursuant to the IP Licence, it having the licence and right to use of any Intellectual Property reasonably required by it in order to conduct its Permitted Business, and it is in compliance with the terms of such licence, in each case where failure to do so would be reasonably likely to have a Material Adverse Effect; and

(z) no Material Headlease is by its terms subject to forfeiture or irritancy on any Insolvency Event of an Obligor.

Covenants

The Common Terms Agreement will contain certain positive, negative and financial covenants from each of the Obligors. The covenants which will (amongst others) be included in the Common Terms Agreement include (subject, in some cases, to agreed exceptions, thresholds and qualifications as to materiality and by reference to matters disclosed in the Opinions (including the Reservations)) the covenants set out below in the sections “*Information Covenants*”, “*Financial Covenants*”, “*General Covenants*” and “*Property Covenants*”.

It will be a term of the Common Terms Agreement that any provision (which, if breached, would give a right to declare an Obligor Event of Default) contained in any Authorised Finance Facility Agreement which is in addition to those in the Common Terms Agreement (apart from any Liquidity Facility Agreement, Hedging Agreement or the Tax Deed of Covenant) will be unenforceable save for (i) limited exceptions which will, *inter alia*, include provisions relating to transfer mechanics, set-off, indemnities, covenants to pay, voluntary prepayments, certain mandatory prepayments, any Hedging Agreement, remuneration, costs and expenses, withholding and/or grossing up payments for or on account of Tax and information to be provided for any tax reporting or compliance requirement in any jurisdiction, (ii) any provisions contained in the Initial Authorised Loan Facility Agreement as at the Initial Issue Date, (iii) any provisions contained in any Authorised Loan Facility Agreement entered into after the Initial Issue Date which are also contained in the Initial Authorised Loan Facility Agreement as at the Initial Issue Date, and (iv) any provisions agreed in any Authorised Finance Facility Agreement after the Initial Issue Date if such provisions are given to each other Finance Party for such time as any amounts remain outstanding under the relevant Authorised Finance Facility Agreement, and in each case the related rights of the Issuer and each Finance Party are subject to the terms of the CTA and the STID.

Covenant Regime Thresholds

Under the Common Terms Agreement, the calculation of the LTV and Historical ICR from time to time (see the section entitled "*Covenant Testing*" on page 133 below) shall determine the Covenant Regime to which the Obligors will be required to adhere from time to time.

The relevant Covenant Regimes are the T1 Covenant Regime, the T2 Covenant Regime and the T3 Covenant Regime.

The T1 Covenant Regime will apply at all times. The T2 Covenant Regime and the T3 Covenant Regime will apply if their respective thresholds are exceeded. The following table sets out the thresholds upon which each Covenant Regime shall apply, such that a breach of either the LTV or the Historical ICR threshold set out below will be sufficient for the next Covenant Regime to apply:

Tier	LTV	Historical ICR
T1	Up to 55%	At least 1.6x
T2	55.1% - 72.5%	At least 1.4x but less than 1.6x
T3	72.6% - 80%	At least 1.25x but less than 1.4x
Obligor Event of Default	Above 80%	Below 1.25x

In respect of each covenant, where no Covenant Regime is specified as being applicable, the relevant Obligors are required to comply with the relevant covenant while the T1 Covenant Regime, the T2 Covenant Regime or the T3 Covenant Regime is in effect. Where a covenant or part of a covenant is specified as applying where the T2 Covenant Regime is applicable, the relevant Obligors are required to comply with the relevant covenant while the T2 Covenant Regime and the T3 Covenant Regime is in effect. Where a covenant or part of a covenant is specified as applying where the T3 Covenant Regime is applicable, the relevant Obligors are required to comply with the relevant covenant only while the T3 Covenant Regime is in effect.

Information Covenants

Financial Statements

FinCo shall, on behalf of the Security Group, provide to the Obligor Security Trustee, the Issuer Trustee and the Rating Agency:

(a) the annual audited (or, in the case of Victoria Centre Co 3 and Victoria Centre Co 4, unaudited, unless and until such companies cease to be dormant companies and are required by applicable law to produce audited financial statements) Financial Statements of each Obligor within 180 days after the end of the preceding financial year (or after the end of the first financial year) (each such set of Financial Statements to include profit and loss account, balance sheet and cashflow statement, the associated notes thereto, and (where audited) the associated audit report);

(b) the annual audited Financial Statements of the Issuer, within 180 days after the end of the preceding financial year (or after the end of the first financial year) (each such set of Financial Statements to include profit and loss account, balance sheet and cashflow statement, the associated notes thereto, and the associated audit report);

(c) the annual audited Financial Statements of the Security Group, as if they constituted a statutory group for consolidation purposes, within 180 days after the end of the preceding financial year (or after the end of the first financial year) (each such set of Financial Statements to include profit and loss account, balance sheet and cashflow statement, the associated notes thereto, and the associated audit report);

(d) the unaudited semi-annual Financial Statements of the Security Group, as if they constituted a statutory group for consolidation purposes, within 90 days after the end of such financial half-year (or after the end of the first financial half-year) (each such set of Financial Statements to include profit and loss account, balance sheet and cashflow statement for such financial half-year and the associated notes thereto);

(e) the semi-annual, unaudited Financial Statements of each Obligor, within 90 days after the end of the financial half-year (such semi-annual Financial Statements to include profit and loss account, balance sheet and cashflow statement for such financial half-year, and the associated notes thereto); and

(f) the semi-annual, unaudited Financial Statements of the Issuer, within 90 days after the end of the financial half-year (such semi-annual Financial Statements to include profit and loss account, balance sheet and cashflow statement for such financial half-year, and the associated notes thereto).

Form of Financial Statements

Each Obligor shall ensure that each set of Financial Statements supplied by it under the Common Terms Agreement:

(a) is prepared in accordance with Applicable Accounting Principles (and includes a cash flow statement, a profit and loss account and a balance sheet); and

(b) gives a true and fair view of or, in the case of any unaudited Financial Statements, fairly presents the financial condition of the relevant company or companies (consolidated or otherwise) as at the date to which those Financial Statements were drawn up and of the results of its operations during such period (where they related to the Security Group, as if the Security Group were a consolidated group for statutory purposes).

Each Obligor shall notify the Obligor Security Trustee or any material change to the basis on which such Financial Statements are prepared.

Compliance Certificates

(a) FinCo shall, on behalf of each Obligor, supply to the Obligor Security Trustee, the Issuer Trustee, the Issuer and the Rating Agency, within 90 days of the Financial Year End and within 60 days of the Financial Half Year End, a Compliance Certificate prepared on behalf of each Obligor, signed by two directors (one of which must be the finance director or chief financial officer) of FinCo, which shall confirm the following matters as at the relevant Financial Year End or Financial Half Year End (as applicable):

(i) the LTV and Historical ICR and the applicable Covenant Regime;

(ii) whether a Default or credit downgrade has occurred (or is expected occur) and/or is continuing unwaived;

(iii) reasonable details of the calculations used to determine the LTV and Historical ICR;

(iv) reasonable details of any Exceptional Items;

(v) reasonable details of compliance with the Asset Criteria and information in relation to any haircuts applied due to the Asset Criteria Adjustment Mechanism;

(vi) details of any Notes held by any Obligor or any Non-Restricted Group Entity and the amount of such holding;

(vii) that the contents of the Compliance Certificate are true and accurate in all material respects and not misleading, and have been reached in good faith on reasonable grounds after careful consideration and enquiry in the context in which it was made and are consistent with Applicable Accounting Principles and Good Industry Practice.

(b) While the T3 Covenant Regime is applicable, FinCo will also deliver a Compliance Certificate to the Obligor Security Trustee, the Issuer Trustee, the Issuer and the Rating Agency within 45 days of each Quarter Calculation Date. The obligation to provide a Compliance Certificate on each Quarter Calculation Date shall cease if the LTV and Historical ICR are restored to a level at least equal to the T2 Covenant Regime, on at least two consecutive Quarter Calculation Dates.

(c) In connection with the delivery of any Compliance Certificate, the Obligor Security Trustee shall be entitled to make a Compliance Certificate Challenge within the Compliance Certificate Challenge Period, but not obliged to do so unless it is directed to do so on the written instructions of Qualifying Secured Participants holding at least 25 per cent. of Qualifying Debt in accordance with the STID and if there is reasonable reason to believe that the calculations or statements in the Compliance Certificate may be incorrect or misleading in any material respect.

(d) If the Obligor Security Trustee makes a Challenge, it shall send a Compliance Certificate Challenge Notice within the Compliance Certificate Challenge Period to FinCo in which it will request further information from FinCo in relation to such disputed calculations and/or statements. FinCo shall provide such further information promptly, and within 14 days of receipt, the Obligor Security Trustee (acting upon the instructions of the Qualifying Secured Participants in accordance with the STID) may accept such calculations and/or statements or appoint an Independent Expert whose identity and terms of appointment are to be agreed between the Obligor Security Trustee and the Obligors each acting reasonably (or, failing an agreement, by the Obligor Security Trustee alone, acting reasonably) to carry out a Compliance Certificate Investigation Mandate.

(e) If an Independent Expert is appointed, such Independent Expert may reasonably request further information from the Obligors (and shall agree to keep such information confidential), and within 30 days of his appointment, such Independent Expert will present its conclusions as to whether, in its reasonable opinion, the disputed statements and/or calculations set out by FinCo are true and accurate in all material respects or not. Such conclusions shall be binding on all parties. The costs and expenses of any Independent Expert shall, in all cases, be paid by FinCo.

(f) If the Independent Expert concludes that the calculations are not accurate in all material respects, FinCo may provide a re-stated certificate at any time, which shall be subject to the same challenge rights.

Compliance Certificates (Post Forfeiture)

If a Material Headlease has been at any time forfeited or irritated, then FinCo will be required to prepare and deliver to the Obligor Security Trustee, the Issuer Trustee, the Issuer and the Rating Agency a Compliance Certificate (Post-Forfeiture) on or before the expiry of the Forfeiture Remedial Period. FinCo will be required to provide details of any forfeiture or irritancy of any Material Headlease owned by an Obligor within 5 Business Days of such act having been taken by a competent landlord (or of a request by the Obligor Security Trustee for such details). In the Compliance Certificate (Post-Forfeiture) delivered, FinCo will be required to calculate the transaction's Pro Forma LTV, Projected ICR and Pro Forma Projected ICR, taking into account the forfeiture or irritation of the Material Headlease in question. Please see item (c) of the section entitled "*Good Title to assets*" on page 126 below for further details.

As from the date the Compliance Certificate (Post-Forfeiture) is provided to the Obligor Security Trustee, the Pro Forma LTV, Projected ICR and Pro Forma Projected ICR set out in the Compliance Certificate (Post-Forfeiture) will apply for the purposes of determining the then applicable Covenant Regime, until delivery of the next Compliance Certificate in accordance with the Finance Documents.

In relation to the delivery of a Compliance Certificate (Post-Forfeiture), equivalent rights of challenge to those described above in relation to scheduled Compliance Certificates, will apply.

Investor Reports

FinCo shall, within 90 days of the Financial Year End and within 60 days of the Financial Half Year End, supply to the Obligor Security Trustee, the Issuer Trustee, the Issuer and the Rating Agency and post on a Designated Website a duly completed Investor Report.

If 20 per cent. of the Outstanding Principal Amount of all Qualifying Debt requests (in writing to the Obligor Security Trustee) a meeting or conference call at which the management of FinCo and the Obligors shall deliver a management presentation, FinCo shall (i) arrange such meeting or conference call, not to be held more than once a year at a time and (if applicable) in a place chosen by FinCo acting reasonably, and (ii) confirm the arrangement of that meeting or conference call in the Investor Report that it delivers in respect of the Financial Year End only.

Miscellaneous Information

(a) So far as permitted by any applicable law, regulation, order, any binding arm's length third party confidentiality obligations, or the rules of any relevant listing authority or stock exchange (including where such rules would permit such disclosure but would require a general disclosure of such information as a consequence, in which case the relevant Obligor shall not be required to make such disclosure), each Obligor shall, in relation to itself, supply to the Obligor Security Trustee as soon as reasonably practicable after becoming aware of the same details of:

   (i) any Proceedings which are current, threatened in writing or pending which is reasonably likely to result in a liability to the relevant Obligor and which if adversely determined, could reasonably be expected to have a Material Adverse Effect;

   (ii) any such Proceedings which had not previously been considered could reasonably be expected to have a Material Adverse Effect, if at any time the circumstances of the Proceedings change such that they could reasonably be expected to have a Material Adverse Effect, and set out the action to be taken with respect to such matters;

(iii) such general information as is filed or required to be filed with the Registrar of Companies in England and Wales, or to be made generally available through the Irish Stock Exchange in respect of it or its creditors generally or any class thereof;

(iv) upon becoming aware of any downgrade action taken by the Rating Agency in respect of the Notes including placing them on negative watch, details of such downgrade action;

(v) any changes to any Authorisation which could reasonably be expected to have a Material Adverse Effect;

(vi) details of any non-compliance with any judgment, law, regulation order or decree applicable to it and which non-compliance is, if enforced, reasonably likely to have a Material Adverse Effect;

(vii) any information concerning any fact or circumstance which could reasonably be expected to lead to any of the statements given in the representation as to matters affecting the Properties described under paragraph (s)(v)(b)-(f) of the section above entitled "Representations" above no longer being true in a material respect in respect of any Obligor; and

(viii) such other information as the Obligor Security Trustee may reasonably request.

(b) If any duty of confidentiality to a third party would preclude the disclosure set out in paragraph (a) above, the relevant Obligor shall use reasonable endeavours to obtain the consent of the applicable third party on the basis that such information shall remain confidential and shall not be disclosed by any recipient for so long as such information remains confidential.

Notification of Default

(a) Unless the Obligor Security Trustee has already been so notified by another Obligor, each Obligor (or FinCo on its behalf) shall notify the Obligor Security Trustee of any Default relating to it (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

(b) Promptly and in any case within 5 Business Days, following any request by the Obligor Security Trustee where it has grounds for believing that a Default has occurred, any Obligor (or FinCo on its behalf) shall supply to the Obligor Security Trustee a certificate, signed by two of its directors on its behalf, certifying that no Default is outstanding and of which it is aware, having made all reasonable enquiries or, if a Default is outstanding, specifying the Default and the steps, if any, being taken or proposed to be taken to remedy it.

Financial Covenants

The Obligors undertake that (a) the LTV will not exceed 80 per cent. or the Pro Forma LTV stated in a Compliance Certificate (Post-Forfeiture) will not be greater than 80%, and (b) the Historical ICR will not be less than 1.25:1x (or the Pro Forma Projected ICR stated in a Compliance Certificate (Post-Forfeiture) will not be less than 1.25:1), provided that, in each case, any Obligor Event of Default caused by a breach thereof shall be subject to the Cure Rights.

Cure Rights

No Obligor Event of Default shall continue to occur if within 14 Business Days of the delivery of the relevant Compliance Certificate or Compliance Certificate (Post-Forfeiture) evidencing a breach if:

(a) in relation to any breach of the Financial Covenant relating to the Historical ICR, the Obligors have procured that Additional Contributions in the form of cash are made which, when any cash has been applied in the prepayment of Senior Debt Obligations in accordance with the Prepayment Principles, and/or applied in the acquisition of Eligible Investments, and/or deposited in the Deposit/Cure Account, would result in the immediately preceding Compliance Certificate or Compliance Certificate (Post-Forfeiture) (if such Compliance Certificate was to be reissued) confirming that there was no breach of the Historical ICR, provided that for the purposes of calculating the Historical ICR in such Compliance Certificate or Compliance Certificate (Post-Forfeiture), the deposit of the relevant cash in the Deposit/Cure Account, and/or the prepayment of the Senior Debt Obligations and/or the application of the interest on the Deposit/Cure Account and/or the income from the Eligible Investments, and/or the reduction of the fixed rate payable under any Hedging Agreement, shall be deemed to have occurred at the beginning of the Calculation Period to which the Compliance Certificate relates or prior to the date of the Compliance Certificate (Post-Forfeiture) as the case may be;

(b) in relation to any breach of the Financial Covenant relating to the LTV,

(i) the Obligors have procured that Additional Contributions in the form of cash are made; and/or

(ii) the Obligors have procured that Additional Contributions in the form of additional Eligible Properties to the Portfolio are made (including, for the avoidance of doubt, in cash for application towards the purchase price of Eligible Properties),

which, when any cash has been applied in the prepayment of Senior Debt Obligations in accordance with the Prepayment Principles or has been put on deposit in the Deposit/Cure Account and deducted from the Net Debt, would result in the immediately preceding Compliance Certificate or Compliance Certificate (Post-Forfeiture) (if such certificate was to be reissued) confirming that there was no breach of the transaction LTV (provided that in such calculations the prepayment of the Senior Debt Obligations and/or the deposit of the relevant cash in the Deposit/Cure Account shall be deemed to have occurred at the beginning of the Calculation Period to which the Compliance Certificate relates or prior to the date of the Compliance Certificate (Post-Forfeiture) as the case may be),

and in each case, the Obligors shall deliver to the Obligor Security Trustee a Compliance Certificate or Compliance Certificate (Post-Forfeiture) evidencing to the satisfaction of the Obligor Security Trustee, after taking into account the Additional Contributions and/or the prepayments of the Senior Debt Obligations which have been made, that the relevant Obligor Event of Default is no longer continuing.

Following the exercise of a Cure Right, no breach of the Financial Covenant and no Obligor Event of Default shall be deemed to have occurred, but for the avoidance of doubt an Obligor Event of Default will have occurred and be continuing prior to the exercise of a Cure Right (although, for the avoidance of doubt, no Enforcement Action may be taken during this period).

A Cure Right exercised under paragraph (a) above may not be exercised in respect of any two consecutive Calculation Dates, or more frequently than four times in any five year period.

A Cure Right exercised under paragraph (b) above may be exercised on unlimited occasions.

General Covenants

Restricted Business

(a) Each Obligor shall not carry on any business other than a Permitted Business;

(b) Each Obligor shall procure that there is not, save as contemplated by the Finance Documents, any substantial change made to the nature or scope of its business from that carried out as at the date of the Common Terms Agreement.

Authorisations

(a) Each Obligor shall promptly obtain and maintain in full force and effect all governmental and regulatory consents, licences, authorisations and approvals (including Environmental Licences) necessary for the conduct of its business to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document;

(b) Each Obligor shall do all such things as are necessary to maintain its corporate status;

(c) Each Obligor shall satisfy the Perfection Requirements within any applicable time limits.

Compliance with laws

Each Obligor shall comply in accordance with Good Industry Practice with all judgements, laws, rules, regulations, agreements, orders or decrees to which it is subject.

Conduct of business

(a) Each Obligor shall operate and maintain, or ensure the operation and maintenance of, its business in accordance with (i) its constitutional documents, (ii) the Finance Documents, and (iii) any applicable laws or regulations which apply to it from time to time;

(b) Each Obligor shall not enter into any contracts other than (i) the Finance Documents, (ii) any contracts connected with its Permitted Business and (iii) any other contracts expressly permitted under the Finance Documents;

(c) Each Obligor shall use reasonable endeavours to operate and maintain and protect its assets in accordance with Good Industry Practice.

Share Capital

Each Obligor shall not (i) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so, (ii) issue any shares which by their terms are redeemable or convertible or exchangeable for Financial Indebtedness, or (iii) after the Initial Issue Date, issue or transfer any share capital to any person which is not an Obligor, other than:

(a) any such action which is in furtherance of making any payment from the Restricted Payment Account in accordance with the relevant provisions of the Obligor Cash Management Agreement or other payment permitted by the Finance Documents;

(b) any transaction which is expressly permitted under the Finance Documents, including pursuant to a Permitted Re-organisation, the sale of an Eligible JV Interest in accordance with the Finance Documents and pursuant to the incurrence of Permitted Other Debt Obligations;

(c) the issue of any shares to any Obligor which is an immediate Holding Company of the issuer of such shares;

(d) any transaction which has received the prior written consent of the Obligor Security Trustee acting in accordance with the STID; or

(e) the redemption, repurchase, defeasance, retirement or repayment of its share capital held by another Obligor.

Ranking of Secured Claims

Each Obligor shall ensure that the secured claims of Secured Participants against it under the Finance Documents will rank (subject to the Reservations) prior to the claims of all its other unsecured and unsubordinated creditors save for those whose claims are preferred solely by law.

Status of Security

Each Obligor undertakes in relation to itself that it shall maintain the Security Interests conferred over the assets referred to in the Obligor Security Documents pursuant to and in accordance with the Obligor Security Documents, shall maintain absolute legal and beneficial ownership of (or in the case of assets located in Scotland, shall be the registered or heritable proprietor and does not hold such assets on trust) the assets (including share capital in the Obligors) over which it purports to confer a Security Interest and that those Security Interests shall continue to be valid and effective, in each case subject to the Finance Documents.

Negative pledge

(a) No Obligor shall create or permit to exist any Security Interest on any of its present or future assets other than any Permitted Security Interest;

(b) No Obligor shall, without the prior written consent of the Obligor Security Trustee, in circumstances where the transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset:

(i) Sell, transfer or dispose of its assets on terms where it is or may be re-acquired by a member of the Security Group other than pursuant to a Permitted Disposal, Permitted Withdrawal or Permitted Security Interest;

(ii) Purchase any asset on terms where the vendor retains title to the asset or on conditional sale terms, other than pursuant to any Permitted Security Interest, a Permitted Acquisition or assets acquired in the ordinary course of business.

Withdrawals

(a) No Obligor shall, whether in a single transaction or a series of transactions and whether related or not, carry out a Withdrawal other than a Permitted Withdrawal;

(b) Where the T2 Covenant Regime applies, no Obligor shall carry out a Permitted Withdrawal other than in connection with a Transaction Series in accordance with the terms of the Common Terms Agreement (as set out in the section entitled "*Covenant Testing*" on page 133 below) unless the T1 Covenant Regime would be reinstated and in effect following such Permitted Withdrawal;

(c) Where the T3 Covenant Regime applies, no Obligor shall carry out a Permitted Withdrawal without the consent of the Property Manager (and the Property Manager shall not consent if such Withdrawal would result in a higher LTV or a lower Projected ICR following such Withdrawal than existed immediately prior to such Withdrawal).

Disposals

(a) No Obligor shall, either in a single transaction or in a series of transactions and whether related or not, dispose of all or any part of its undertaking, revenues, business or assets other than a Permitted Disposal and provided that, for the avoidance of doubt, this shall not restrict the Obligors' permitted leasing activities.

(b) Each Obligor shall deposit the Net Disposal Proceeds of any Permitted Disposal under paragraph (A), (B)(i) or (B)(v) (in the latter case only where the aggregate proceeds in any one calendar year have exceeded £4,000,000 in respect of the Portfolio) of the definition of Permitted Disposal in the Prepayments Account and such amounts shall be applied:

(i) firstly, in prepayment of Senior Debt Obligations in accordance with the Prepayment Principles, such amounts to be transferred to the Debt Service Account; and

(ii) secondly, in making a Restricted Payment (provided the Obligors are not restricted from doing so under the Common Terms Agreement),

and provided that, for the avoidance of doubt, in the case of proceeds received under paragraph (B)(v) of the definition of Permitted Disposals only, if less than £4,000,000 in aggregate in respect of the Portfolio, such proceeds will be deposited into the Rent and General Account in accordance with the provisions of the Common Terms Agreement and the Obligor Cash Management Agreement.

(c) Each Obligor shall credit the proceeds of any Permitted Disposal under paragraph (B) (other than (B)(i) or (B)(v)) of the definition of Permitted Disposal to the Restricted Payment Account, in making a Restricted Payment provided that the Obligors shall deposit into the Restricted Payment Account only so much of the proceeds thereof as do not require to be paid or reserved for the matters set out in paragraphs (a) to (e) of the definition of Net Disposal Proceeds with any such amounts being deposited into the Disposal/Withdrawal Deposit Account or the Tax Reserve Account, as the case may be, and held therein until applied to meet the relevant liability, or once the relevant liability has ceased, in the reasonable opinion of the Obligors acting in accordance with prudent commercial practice, to require to be reserved against, the same shall be released and transferred to the Restricted Payment Account.

(d) Where the T3 Covenant Regime applies, no Obligor shall make a Permitted Disposal without the consent of the Property Manager (and the Property Manager shall not consent if such disposal would result in a higher LTV or a lower Projected ICR following such Permitted Disposal than existed immediately prior to such Permitted Disposal).

Acquisitions

(a) No Obligor shall make any acquisition or investment other than Permitted Acquisitions.

(b) Where the T3 Covenant Regime applies, no Obligor shall make a Permitted Acquisition of any Eligible Property without the consent of the Property Manager, such consent not to be unreasonably withheld or delayed (and the Property Manager shall not consent if such acquisition would result in a higher LTV or a lower Projected ICR following such Permitted Acquisition than existed immediately prior to such Permitted Acquisition and provided that the Property Manager may not instruct or compel the Security Group or any Obligor to make any such acquisition).

Mergers

No Obligor shall enter into any amalgamation, demerger, merger, consolidation or reconstruction other than a Permitted Disposal, a Permitted Withdrawal, a Permitted Reorganisation or a Permitted Acquisition or otherwise as approved by the Obligor Security Trustee in accordance with the terms of the STID.

Financial Indebtedness

No Obligor shall incur any Financial Indebtedness other than Permitted Financial Indebtedness.

Advances

No Obligor shall make or grant any advance, guarantee or indemnity to any third party other than a Permitted Advance/Guarantee.

Hedging

(a) FinCo shall enter into any Hedging Agreement for the purposes of hedging interest rate risk (i) in the prescribed form, (ii) with counterparties which have the Hedge Counterparty Required Rating assigned by each Rating Agency, or otherwise have the Approved Counterparty Rating, or where a guarantee is provided by an institution which meets the same criteria, and (iii) on terms which include an ability for FinCo to terminate if there is a Hedge Counterparty Required Rating Downgrade and the relevant Hedge

Counterparty has failed to post collateral in accordance with the relevant Hedging Agreement and/or take such other steps as may be stipulated in the relevant Hedging Agreement pursuant to the relevant provisions relating to counterparty credit risk in accordance with the applicable criteria of the Rating Agency at the time of execution thereof, and are otherwise in compliance with the prevailing criteria of the Rating Agency at the time of execution thereof.

(b) FinCo shall procure at all times that the Underhedging Limit (provided that such protection is entered into in accordance with prudent hedging treasury management) and the Overhedging Limit is complied with. The Obligors undertake not to enter into derivative transactions other than for the purposes of interest rate hedging pursuant to this paragraph *(Hedging)*.

(c) If at any time FinCo is not in compliance with the Underhedging Limit or exceeds the Overhedging Limit, then, subject to paragraph (d) below, FinCo shall, within 90 days or such shorter period as is consistent with prudent hedging treasury management, take steps to ensure that it complies with the Underhedging Limit or Overhedging Limit (as applicable).

(d) If at any time FinCo is not in compliance with the Overhedging Limit by reason of the Security Group having undertaken a Permitted Disposal, FinCo shall be required promptly following the completion of such Permitted Disposal to reserve and make provision from the Net Disposal Proceeds thereof in the Disposal/Withdrawal Deposit Account for its reasonable estimate of any amounts payable to any Hedge Counterparty under any Hedging Agreement in relation to the partial or complete termination of any transaction, or transactions thereunder, in order to comply with the Overhedging Limit, with the amounts so deposited to be available for application by FinCo to or towards the payment of any Early Termination Amount (as defined in the applicable Hedging Agreement) under any Hedging Agreement in respect of any such partial or complete termination of any transaction, or transactions thereunder.

Restricted Payments

(a) No Obligor shall make a Restricted Payment unless (i) it is made in accordance with the applicable provisions of the Finance Documents, including where such payment is made from the Rent and General Account pursuant to the Obligor Pre-Enforcement Priority of Payments, or (ii) it is made in a manner which is not consistent with (a)(i) above, but FinCo has received a Ratings Affirmation in respect thereof, provided that a Restricted Payment may only be made for so long as (a) the T1 Covenant Regime or the T2 Covenant Regime applies, (b) FinCo is not aware that a Default has occurred and is continuing and (c) there are not any amounts drawn under a Liquidity Facility (other than any Standby Drawing) which have not been repaid and the Liquidity Account is fully funded to the then applicable Liquidity Reserve Required Amount.

(b) Each Obligor undertakes, jointly and severally, that if as a result of a Compliance Certificate Challenge or a challenge pursuant to a Compliance Certificate (Post-Forfeiture) a Prohibited Amount has been previously been paid as a Restricted Payment pursuant to the Obligor Pre-Enforcement Priority of Payments, an amount equal to the Prohibited Amount shall be paid into the Rent and General Account and no Restricted Payment may be made until the Prohibited Amount has been repaid.

(c) Where the T3 Covenant Regime applies, no Obligor shall make a Restricted Payment (whether or not a Ratings Affirmation is obtained).

(d) Where there are outstanding Retrospective De-REITing Additional Tax Liabilities, no Obligor shall make a Restricted Payment, except as provided in the Tax Deed of Covenant.

Liquidity Requirements

If:

(a) the T2 Covenant Regime is applicable and the LTV as at the last Calculation Date is greater than 63.75% or the Historical ICR as at the last Calculation Date is less than 1.50x; or

(b) the T3 Covenant Regime is applicable,

FinCo shall:

(i) on each Trap Date, in accordance with paragraph (i) of the Obligor Pre-Enforcement Priority of Payments or otherwise by direct deposit into the Liquidity Account of the proceeds of any Permitted Subordinated Obligations or any funds standing to the credit of the Restricted Payment Account, reserve in the Liquidity Account the full amount of the then-applicable Liquidity Reserve Required Amount; or

(ii) as soon as reasonably practicable enter into a Liquidity Facility under which committed funds are available on each Trap Date, up to the then applicable Liquidity Reserve Required Amount, provided that until such Liquidity Facility has been entered into, FinCo shall reserve amounts in the Liquidity Account in accordance with paragraph (i) above, and following the entry into such Liquidity Facility, FinCo shall withdraw any such amounts reserved and transfer such amounts into the Debt Service Account; or

(iii) carry out a combination of (i) and (ii) above, provided that this combination shall not total less than the applicable Liquidity Reserve Required Amount.

The Liquidity Account may be replenished from time to time on any Business Day by the Obligors from the proceeds of drawing of any Permitted Subordinated Obligation, or from any funds standing to the credit of the Restricted Payment Account, up to the then-applicable Liquidity Reserve Required Amount.

Tax Covenants

Each Obligor shall:

(a) punctually pay and discharge prior to the imposition of any interest and penalties in respect thereof, all Taxes imposed upon it or its assets, unless such Taxes, assessments or governmental charges are disputed in good faith;

(b) to the extent that any Taxes are treated as becoming due and payable in instalments based on its total liability for the period, either (A) pay on any date on which such an instalment is treated as becoming due and payable the amount then treated as becoming due and payable on the basis of a reasonable estimate of its total liability for the period or (B) claim repayment of the aggregate amount previously paid by way of instalments in respect of its total liability for the period to the extent that it is entitled to do so on the basis of that estimate.

Accounting Reference Date

No Obligor shall change its Accounting Reference Date other than with the prior written consent of the Obligor Security Trustee (acting in accordance with the STID).

Arm's length terms

No Obligor shall enter into any arrangement or contract other than (i) where such arrangement or contract is entered into on an arm's length basis, (ii) where such arrangement or contract is between members of the Security Group or with Non-Restricted Group Entities (other than any unsubordinated, material contract with a Non-Restricted Group Entity to document any service which would reasonably be expected to be documented in a contract, which has been entered into on an arm's length basis or on reasonable market terms) or (iii) the Finance Documents and any contracts incidental to the Finance Documents.

Further assurance and co-operation

Each Obligor shall promptly do all such acts or execute all such documents as the Obligor Security Trustee may reasonably specify (and in such form as the Obligor Security Trustee may reasonably require in favour of the Obligor Security Trustee or its nominee(s)):

(a) to perfect the Security Interests created or intended to be created under or evidenced by the Obligor Security Documents or, for the exercise of any rights, powers and remedies of the Obligor Security Trustee or the Finance Parties provided by or pursuant to the Finance Documents or by law within any applicable time frame; and/or

(b) once any Obligor Security has become enforceable, to facilitate the realisation of the assets which are, or are intended to be, the subject of that Obligor Security irrespective of the jurisdiction in which they are located.

Obligor Account Bank Agreement, Obligor Cash Management Agreement and Obligor Accounts

(a) No Obligor shall make any change to the terms of the Obligor Account Bank Agreement or the Obligor Cash Management Agreement without the prior consent of the Obligor Security Trustee and the Obligor Account Bank; and

(b) Each Obligor shall, save as otherwise provided in the Finance Documents (i) ensure that all Income is paid into the Collections Accounts in accordance with the Obligor Cash Management Agreement and (ii) not grant, create or permit any right of set-off or similar right over the Obligor Accounts.

No Employees

No Obligor shall have any employees.

Credit Rating

Each Obligor shall, for so long as any Notes are outstanding, use reasonable endeavours to procure that the Issuer maintains long term ratings for the Notes with at least one Rating Agency.

Ascertaining the amount outstanding of the Notes held by Affiliates

FinCo shall, upon receiving a written request from the Obligor Security Trustee, deliver to the Obligor Security Trustee a certificate setting out, *inter alia*, details of the aggregate principal amount outstanding of Notes which, for the time being, are held by any Affiliate of the Security Group or by any person for the benefit of such Affiliate.

UD Headroom Test

The Obligors undertake that they shall not breach the UD Headroom Test.

Amendments to constitutional documents

No Obligor may, without the prior written consent of the Obligor Security Trustee, change its memorandum or articles of association or other constitutional documents where such change has or could reasonably be expected to have a Material Adverse Effect.

Pension Arrangements

No Obligor shall operate or agree to assume any obligations in respect of any occupational pension scheme.

Auditors

Each Obligor shall at all times retain reputable auditors if the relevant Financial Statements are required under applicable laws to be audited.

Access Rights

Subject to all applicable laws, following an Obligor Event of Default or an Obligor Potential Event of Default in each case which is continuing, each Obligor shall provide access or procure that access is provided to all books of record and accounts of that Obligor to the Obligor Security Trustee and its agents upon reasonable notice.

Intellectual Property

Each Obligor undertakes to take all actions (including payment of any licence fees) required to maintain its rights under the IP Licence to use any Intellectual Property reasonably required by it in order to conduct its Permitted Business, and to comply with the terms of such licence, in each case where failure to do so would be reasonably likely to have a Material Adverse Effect.

Centre of Main Interests

Each Obligor agrees not to cause or allow its Centre of Main Interests to be situated in any jurisdiction other than its jurisdiction of incorporation or, if different, in the United Kingdom (if different), and to ensure that the meetings of its board of directors are customarily held in its jurisdiction of incorporation or, if different, in the United Kingdom.

Third Party Unsecured Financial Indebtedness

Each Obligor covenants to repay Third Party Unsecured Financial Indebtedness as they fall due (subject to any applicable grace periods).

Separateness Covenants

Each Obligor undertakes, on a joint and several basis, that it will at all times:

(a) keep separate books and records from any Non-Restricted Group Entity;

(b) not commingle any of its assets with any Non-Restricted Group Entity;

(c) conduct its own business in its own name;

(d) observe all corporate and other formalities required by its memorandum and articles of association and any other constitutional or organisational documents;

(e) pay its own liabilities out of its own funds and not out of the funds of any Non-Restricted Group Entity;

(f) maintain adequate capital in light of its contemplated business operations;

(g) use separate stationary and invoices from any Non-Restricted Group Entity;

(h) hold itself out as a separate entity from any Non-Restricted Group Entity; and

(i) correct any known misunderstanding regarding its separate identity from any Non-Restricted Group Entity.

Property Covenants

Asset Criteria

(a) Subject to the paragraphs below, FinCo shall procure that the Portfolio complies with the Asset Criteria as at each of the following dates:

(i) the Initial Issue Date;

(ii) the date upon which any Eligible Property first becomes part of the Portfolio pursuant to a Permitted Acquisition on an Individual Basis;

(iii) the date of completion of any Permitted Disposal or Permitted Withdrawal on an Individual Basis;

(iv) the date of completion of a Transaction Series or confirmation by FinCo that it will be unable to complete a Transaction Series; and

(v) the date of delivery of any Compliance Certificate or Compliance Certificate (Post-Forfeiture).

(b) Notwithstanding the paragraph above, on any of the dates referred to above, the Obligors may elect to include any Eligible Property in, or dispose of or withdraw any Eligible Property from, the Portfolio that, without the adjustment referred to in the paragraph below, would result in a breach of the Asset Criteria.

(c) If the Obligors wish to include, dispose of or withdraw any Eligible Property in or from the Portfolio pursuant to the paragraph above, FinCo may elect to apply an Asset Criteria Adjustment to the Market Value of the relevant Property, or of the other Properties in the Portfolio, for the purposes of ensuring compliance with the Asset Criteria.

(d) The amount of the Market Value to be excluded may be, in the aggregate, only so much of the Market Value of each Property as is sufficient to ensure overall compliance with the Asset Criteria as at the relevant date. FinCo shall be permitted, at its sole discretion, on any future date, to elect to apply the Asset Criteria Adjustment Mechanism pursuant to the paragraph above.

(e) For the avoidance of doubt, any Property in respect of which the Market Value is excluded pursuant to the paragraph above shall not, as a result of such exclusion, be released, in part or in whole, from the Obligor Security.

Good title to assets

(a) Save to the extent disposed of as a Permitted Disposal or Permitted Withdrawal, each Obligor shall (subject to any necessary registrations in the books of the entity whose shares are being charged) remain the absolute legal and beneficial owner of all of its assets (other than the Properties), subject to the Obligor Security Documents to which it is a party, and remain entitled to use all of its assets necessary or desirable to carry on its business as conducted at the Initial Issue Date, in both cases if and to the extent that the absence of such could reasonably be expected to be material;

(b) Save to the extent disposed of as a Permitted Disposal or Permitted Withdrawal, each Obligor, in relation to each PropCo and the Property it owns (or where owned together with any other Obligor, they), shall remain the absolute legal and beneficial owner of (or in the case of Scottish Property shall remain the registered or heritable proprietor and shall not hold that Property on trust), and have a good and legally marketable title in its own (or where owned together with any other Obligor, their) name to, the freehold estate or leasehold interest or heritable title (as the case may be) in all of the Properties which it (or where owned together with any other Obligor, they) owns (subject to matters specifically referred to in the Certificates of Title and Materiality Report, and subject to other adverse interests the existence of which could not reasonably be expected to be material).

However, in the case of the Partnership, joint legal title will be held by Victoria Centre Co 3 and Victoria Centre Co 4, and joint beneficial title will be held by Victoria Centre Co 1 and Investments Co.

(c) If a Material Headlease owned by an Obligor in respect of a Property located in England and Wales is forfeited by the competent landlord or a Material Headlease in respect of a Scottish Property is irritated by the competent landlord following service of a valid irritancy notice, and in either case the relevant Obligor owning the Eligible Property the subject of the Material Headlease has either (i) not, prior to such forfeiture or irritancy taking effect, successfully obtained relief against such forfeiture or has not successfully remedied any remediable breach intimated by the competent landlord within the time limit specified in a valid pre-irritancy notice (providing such time limit is reasonable or accords with relevant requirements of law in the circumstances) or (ii) otherwise provided evidence satisfactory to the Obligor Security Trustee (acting in accordance with the STID) and the Secured Participant Representatives that the Obligor's interest in the Eligible Property will not be terminated or cease to continue on the basis of the breach giving rise to such forfeiture or irritancy or that the competent landlord has otherwise waived its right to forfeiture or irritancy for such breach, in each case within the Forfeiture Remedial Period, FinCo shall prepare and deliver to the Obligor Security Trustee, the Issuer Trustee, the Issuer and the Rating Agency a Compliance Certificate (Post-Forfeiture) on or before the expiry of the Forfeiture Remedial Period and comply with the provisions described in the section above entitled "*Compliance Certificates (Post Forfeiture)*" on page 116 for further information.

Leasing

(a) Each Obligor shall, in relation to itself and the Properties, use its reasonable efforts to manage each part of any Property which now is or subsequently falls vacant and to find tenants to lease such vacant parts, provided that in all cases the relevant PropCo shall only grant a Lease if, subject to any relevant laws, such Lease is a Lease which is in compliance with the Leasing Criteria, failing which, such lease is either (i) a Lease in respect of which the relevant Obligor (or FinCo on its behalf) delivers to the Obligor Security Trustee and the Secured Participant Representatives a Leasing Certificate; or (ii) a Minor Occupational Interest; or (iii) a Short Term Lease (provided that the aggregate gross contracted Rental Income of all Short Term Leases in respect of a Property is no greater than 5% of the aggregate gross contracted Rental Income of that Property).

(b) Each Obligor, in relation to itself and the Properties, subject to market conditions and any relevant laws, shall not without the prior written consent of the Obligor Security Trustee amend, waive, release or vary (or agree to do any of the foregoing) any provision of any Lease where such amendment, waiver, release or variation would result in a material permanent reduction or delay in the payment of Income of any Property or result in the Lease no longer complying with the Leasing Criteria, unless the Obligors deliver to the Obligor Security Trustee and the Secured Participant Representatives a Leasing Certificate.

(c) If the T3 Covenant Regime is applicable, then each Obligor shall follow the Property Manager's recommendations in relation to leasing activities, subject to certain exceptions as set out in the section entitled "*Property Manager*" on page 129 below.

Leasing Criteria

Each Obligor shall not amend, waive, release or vary (or agree to do any of the foregoing) the Leasing Criteria without the written consent of the Obligor Security Trustee (acting in accordance with the STID), such consent not to be unreasonably withheld or delayed.

Lease Surrenders and Termination

Subject to the below, each Obligor may at any time accept a surrender or (in relation to a Scottish lease) renunciation, or exercise a termination right in respect of any Lease (other than, for the avoidance of doubt, a Material Headlease).

For so long as the T3 Covenant Regime applies, each Obligor, in relation to itself and the Properties, shall only accept a surrender or (in relation to a Scottish Lease) renunciation, or exercise a termination right, in respect of any Lease if:

(a) such surrender or renunciation is accepted because the Tenant has fallen into material default of its obligations and the relevant demised premises are to be made available for re-letting;

(b) the relevant Obligor has before or at the same time as such surrender or renunciation contracted with a new Tenant for a Lease which complies with the Leasing Criteria and on terms which could reasonably be expected to increase (or maintain) the Historical ICR as of the next Calculation Date;

(c) the relevant Tenant is subject to an Insolvency Event, or the relevant Obligor reasonably believes that it will, or is likely to, no longer pay Income which is due and owing; or

(d) the approval of the Property Manager has been obtained (unless one of the exceptions set out in the section entitled "*Property Manager*" on page 129 below applies).

Property Administration Obligations

Each Obligor shall, or shall procure to (i) ensure that the Properties it owns are managed in accordance with Good Industry Practice, and (ii) subject to paragraph (i), ensure that the Properties it owns are managed at all times by the relevant Property Administrator or, at its discretion, another suitably experienced and prudent manager of similar properties.

Development

(a) Subject to paragraphs (b), (c) and (d) below, each Obligor undertakes that no Development shall be undertaken unless FinCo issues a Development Certificate to the Obligor Security Trustee and the Secured Participant Representatives.

(b) If the T2 Covenant Regime is applicable, the requirements of the Development Certificate will be as referred to in paragraph (b) of the definition thereof.

(c) If the T3 Covenant Regime applies, each PropCo and FinCo undertakes not to carry out any Development without the approval of the Property Manager.

(d) For the avoidance of any doubt, any PropCo may conduct any refurbishment of, or other works in relation to, a Property in the Portfolio, and which does not constitute a 'Development', at any time without consent of the Obligor Security Trustee or any other party.

(e) In relation to the Charter Place Development, and notwithstanding any provision of any Finance Document to the contrary, the Obligors shall from time to time be permitted to agree in relation to the Harlequin Headleases or any of them any amendment thereto or consolidation thereof which:

  (i) is in accordance with Good Industry Practice;

  (ii) would not, in the Obligors' reasonable opinion, materially and adversely affect the Valuation of Harlequin;

  (iii) could not reasonably be expected to have a Material Adverse Effect;

  (iv) would not cause the Property to cease to be a Prime Shopping Centre; and

(v) does not impair the Obligor Security (including, for the avoidance of doubt, pursuant to the provision of fresh Security Interests over such consolidated headlease).

Property Manager

(a) If the PM Trigger has been applicable for at least two consecutive Calculation Dates, FinCo will be required (at its own expense) promptly to appoint the Property Manager, failing which, the Obligor Security Trustee (acting in accordance with the STID) shall do so at the expense of FinCo.

(b) The terms of appointment of the Property Manager shall include that it has a duty to act consistently (with no individual element being accorded a higher priority than any other) (i) in accordance with the principles of Good Industry Practice, (ii) taking into account the interests of the Secured Participants, and (iii) taking into account the views of the directors of FinCo and the other Obligors (without any obligation to follow such views), provided that, notwithstanding (i) to (iii), at all times, the Property Manager shall act in the interests of improving the projected Income of the Properties in the Portfolio and the capital or investment value of the Properties in the Portfolio.

(c) The Property Manager's responsibilities will be to (i) review the Portfolio, and (ii) prepare and deliver to the Obligor Security Trustee and FinCo, within 60 days of its appointment, a report which recommends such steps as will, in the opinion of the Property Manager (reasonably held), improve, to the extent possible, in the following order of priority: (x) the projected Income of the Properties in the Portfolio, and (y) the capital or investment value of the Properties in the Portfolio including (but not limited to) a proposed letting and disposal strategy in respect of the Portfolio.

(d) Following the appointment of the Property Manager, and other than while the T3 Covenant Regime applies, the Obligors will not be obliged to follow or take into account the recommendations of the Property Manager, including (but without limitation) the conclusions and recommendations contained in the report referred to in paragraph (c) above.

(e) FinCo may require the prompt termination by the Obligor Security Trustee of the appointment of the Property Manager when the PM Trigger ceases to apply, and the Obligor Security Trustee undertakes to procure such termination at the expense of FinCo as soon as reasonably practicable following a request from FinCo.

(f) If the T3 Covenant Regime applies, FinCo shall procure the appointment of the Property Manager at its own expense as soon as reasonably practicable and, at the latest, within 3 months of the T3 Covenant Regime becoming applicable, upon terms of appointment which include those required pursuant to paragraph (b) and (c) above.

(g) While the T3 Covenant Regime applies, each Obligor shall follow all of the Property Manager's recommendations and conclusions in all respects (as amended, supplemented or withdrawn by the Property Manager from time to time), including (but without limitation) in relation to:

(i) the withdrawal or disposal of a Property from the Portfolio;

(ii) the undertaking of any new Development; and

(iii) the acceptance of any surrender or renunciation, or exercise of a termination right, in respect of any Lease,

unless it can be demonstrated that following such recommendations will put the Obligors, or any of them, in breach of any contractual obligation, or breach any applicable law or regulation and provided that the Property Manager may not instruct or compel, but may approve a request for, the Security Group or any Obligor to make any acquisition of Eligible Property.

(h) Notwithstanding paragraph (g) above, the Property Manager may not instruct, or consent to, a withdrawal, disposal or acquisition in relation to the Portfolio, where it would otherwise have the power to do so and the Obligors would otherwise be required to comply with such consent or instruction, if to do so would result in a higher LTV or lower Projected ICR than immediately prior to such withdrawal, disposal or acquisition.

Valuation of Portfolio

(a) FinCo shall obtain on or prior to the Initial Issue Date an Obligor Valuation of the Portfolio, which shall be addressed to (and which may be relied upon by) each of the Issuer, the Issuer Trustee, the Arrangers, the Dealers and the Obligor Security Trustee.

(b) Subject to paragraphs (c), (d) and (f) below, FinCo shall obtain and deliver to the Obligor Security Trustee, the Secured Participant Representatives and the Rating Agency an Obligor Valuation of the Portfolio prepared by a Valuer selected by FinCo semi-annually. FinCo may deliver Obligor Valuations more frequently at its sole discretion.

(c) In lieu of any Obligor Valuation provided under paragraph (b) above, FinCo shall be entitled to require that the Obligor Security Trustee (acting in accordance with the STID) instruct an OST Valuation for delivery as provided under Clause (b) above and to be relied upon as provided in paragraph (d) below.

(d) In relation to the Obligor Valuations of the Portfolio provided under paragraph (b) above, FinCo will procure that the Valuer will allow reliance by each of the Obligor Security Trustee, the Issuer, the Issuer Trustee, the Arrangers and the Dealers on the Valuations and summaries provided and to permit disclosure to the Rating Agency.

(e) At any time that FinCo carries out an Obligor Valuation in accordance with paragraph (b) above, the Obligor Security Trustee may (acting in accordance with the STID) by giving 5 Business Days notice to FinCo, instruct an OST Valuation in addition to such Obligor Valuation, for delivery as provided under paragraph (b) above and to be relied upon as provided under paragraph (d) above. If (i) the Market Value of the Portfolio under the Valuation of the Obligor Security Trustee differs by an amount greater than 7.5 per cent. from that in the Valuation of FinCo and (ii) the T3 Covenant Regime would apply if the Valuation of the Obligor Security Trustee was accepted, the Obligor Security Trustee (acting in accordance with the STID) shall be entitled to rely on its OST Valuation rather than the Obligor Valuation of FinCo, including for the purposes of determining the applicable Covenant Regime and compliance with the Financial Covenants.

(f) Where the T3 Covenant Regime applies, FinCo shall not be entitled to provide Obligor Valuations of the Portfolio under paragraph (b) above, and instead shall procure the delivery of an OST Valuation by the Obligor Security Trustee (acting in accordance with the STID). The Obligor Security Trustee may seek the Property Manager's advice on the basis of the instruction.

(g) All Obligor Valuations or OST Valuations of the Portfolio shall be prepared at the expense of FinCo and each Obligor shall, promptly upon becoming aware thereof, notify the Valuer of any items which could reasonably be expected to have a Material Adverse Effect on the preparation of the next Obligor Valuations or OST Valuation of the Portfolio.

(h) Each Obligor undertakes that:

(i) in relation to a Permitted Acquisition of an Eligible Property which is a Proposed Additional Transaction being undertaken as part of a Transaction Series, FinCo shall procure that an OST Valuation is undertaken in lieu of an Obligor Valuation, and that such OST Valuation shall be capable of delivery and reliance as provided for in paragraphs (a) to (g) above; and

(ii) in relation to any indebtedness incurred by an Obligor pursuant to paragraph (d) of the definition of Permitted Additional Financial Indebtedness (other than in respect of which the proceeds are fully applied to refinance existing Senior Debt Obligations, such that the total aggregate principal amount outstanding of the Senior Debt Obligations following the incurrence of such Financial Indebtedness is not greater than that outstanding prior thereto), the Total Collateral Value to be determined pursuant to paragraph (d)(E) of the definition of Permitted Additional Financial Indebtedness shall be calculated by reference to an OST Valuation.

Environmental undertakings

Each Obligor, in relation to itself and the Properties, shall:

(a) comply with all Environmental Laws to which it is, or may be, subject and take all reasonable steps to prepare for known changes thereto or new obligations thereunder; and

(b) obtain and comply with all Environmental Licences required or desirable in connection with the relevant Property,

in each case where failure to do so could reasonably be expected to have a Material Adverse Effect.

Environmental claims

Each Obligor shall promptly notify the Obligor Security Trustee and the Secured Participant Representatives in writing upon becoming aware of:

(a) any Environmental Claim against an Obligor or a Property that is current, or, to the best of its knowledge and belief having made due and careful enquiry, is threatened in writing and which is reasonably likely to be adversely determined, and if adversely determined could reasonably be expected to have a Material Adverse Effect;

(b) any fact or circumstance that would prevent compliance by an Obligor or a Property with applicable Environmental Law in the future if any non-compliance could reasonably be expected to (i) have a Material Adverse Effect, or (ii) give rise to any actual liability by an Obligor and the same could reasonably be expected to have a Material Adverse Effect,

Planning laws and permissions

Each Obligor, in relation to itself and the Properties, shall:

(a) comply with all planning laws, civil defence, fire and police regulations and any building regulation to which it may be subject;

(b) comply with the terms of all permanent planning permissions and all existing use rights required in connection with each Property;

(c) obtain all building regulation approvals required in connection with each Property and comply with the terms thereof; and

(d) comply with the terms of any agreement entered into with, or undertakings given to, any relevant planning authority, other public body or authority charged with administering planning law or any building regulation, any relevant environmental authority or any relevant health and safety authority,

in each case where failure to do so could reasonably be expected to have a Material Adverse Effect.

Insurances and Insurance Proceeds

Each Obligor, in relation to itself and the Properties, shall:

(a) maintain in accordance with the Common Terms Agreement valid insurance cover for the Properties against:

(i) risk of material damage, for a sum equal to at least each Property's full reinstatement value (as confirmed by the most recent reinstatement valuation and taking into account any reasonable deductible or excess) and loss of rent on all occupational tenancies for a period not less than the greater of (1) five years (or, if less, the remaining full unexpired term) and (2) such period as may be required pursuant to the relevant Leases in respect of the relevant Property, resulting (in each case) from subsidence, terrorism and other risks usually covered by a reasonably prudent owner of such a property in accordance with Good Industry Practice; and

(ii) third party liabilities and such other property-related risks as in the reasonable opinion of the Obligors ought to be covered in accordance with Good Industry Practice,

provided in each case that such insurance is generally available in the United Kingdom insurance market and that it is, in the reasonable opinion of the Obligors in accordance with Good Industry Practice;

(b) if at any time the above-mentioned insurances in paragraph (a) above are underwritten by an insurer or insurers whose credit rating is less than BBB (or its equivalent in the rating scales of the Rating Agency then rating the transaction under the Finance Documents), the Obligors undertake, jointly and severally, to use reasonable efforts to ensure (so far as such insurance is commercially available on reasonable commercial terms from insurers whose credit rating is sufficient to rectify the insurance ratings breach) that such insurance rating breach is rectified not later than the next renewal date for that insurance policy;

(c) grant a Security Interest in such insurance policies in favour of the Obligor Security Trustee pursuant to the Obligor Deed of Charge; and

(d) promptly notify the Obligor Security Trustee of any amendments to, termination of or entry into, any such insurance policy.

Repair

Each Obligor, in relation to itself and the Properties, shall use reasonable endeavours to keep or (where the relevant obligation falls on a Tenant under a Lease or upon a third party) use its reasonable endeavours to procure that all buildings, structures, fixtures, fittings, plant, machinery and equipment in relation to the relevant Properties and belonging to it are kept in a good state of maintenance, repair and preservation (fair wear and tear excepted) and will renew and replace the same when necessary or desirable and without requiring the prior written consent of the Obligor Security Trustee, where the failure to repair or keep in good working order could reasonably be expected to have a Material Adverse Effect.

Involuntary Loss of Property

Each Obligor shall promptly notify the Obligor Security Trustee if the whole or any material part of any Property is, or will be, seized, expropriated or compulsorily acquired or purchased in a manner which could reasonably be expected to have a Material Adverse Effect, and will apply the full amount of any proceeds, net of any amount reimbursed by way of costs, fees and expenses in relation to such seizure, expropriation or compulsory acquisition, thereof to or towards the prepayment of Senior Debt Obligations, in accordance with the Prepayment Principles.

Lease Covenants

Each Obligor shall perform all the obligations applicable to it under each Lease comprised within the relevant Properties and under any headlease under which the Obligor is a tenant, where the failure to perform could reasonably be expected to have a Material Adverse Effect.

Eligible Property owned through an Eligible JV Interest

Each Obligor undertakes, in relation to any Eligible Property (within the meaning of paragraphs (a) – (c) of the definition thereof, but for the purposes of which the words 'over which, in each case, an existing Obligor or Obligors or a Group entity which will become an Obligor as part of a Permitted Acquisition holds the freehold, leasehold or heritable title' shall not apply) over which a joint venture company, partnership or other entity in which an Obligor or Obligors has an Eligible JV Interest holds the freehold, leasehold or heritable title, that it will use reasonable endeavours (and provided that, in doing so, it shall not be required to undertake any act or omission which would cause the relevant obligor to breach the joint venture agreement, partnership agreement or other agreement governing its Eligible JV Interest and its relationship with its partner or partners) to procure that such underlying Eligible Property is (i) managed in accordance with Good Industry Practice, and (ii) managed in a manner not materially inconsistent with the manner in which the following covenants apply to the Properties and set out in this section above: '*Good title to assets*'; '*Leasing*'; '*Lease Surrenders and Termination*'; '*Property Administration Obligations*'; *'Environmental undertakings*'; '*Environmental claims*'; '*Planning laws and permissions*'; '*Insurances and Insurance Proceeds*'; '*Repair*'; '*Involuntary Loss of Property*'; and '*Landlord Covenants*', (in each case *mutatis mutandis*).

Covenant Testing

Introduction

The Obligors are required to calculate the LTV, the Historical ICR, the Pro Forma LTV, the Projected ICR and the Pro Forma Projected ICR from time to time in accordance with the Common Terms Agreement. Each of these tests (which shall be conducted by FinCo on behalf of the Obligors) calculates certain loan to value and/or interest coverage ratios in respect of the Security Group.

Purpose of the tests

The calculation of the LTV and Historical ICR shall determine the Covenant Regime to which the Obligors will be required to adhere from time to time (see the section entitled "*Covenants*" in the section entitled "*Description of the Principal Transaction Documents*" on page 112 of this Prospectus).

The calculation of the Pro Forma LTV, the Projected ICR and the Pro Forma Projected ICR shall determine the Covenant Regime that will apply to (and following the completion of) certain acquisitions, disposals, the incurring of financial indebtedness and certain other additional transactions proposed to be entered into by the Obligors from time to time.

The UD Headroom Test shall determine whether the Obligors may raise additional third party unsecured financial indebtedness from time to time.

Scheduled Testing

FinCo undertakes to calculate the LTV and the Historical ICR on each Financial Year End or Financial Half Year End (as applicable) or (if the T3 Covenant Regime is in effect) on each Quarter Calculation Date, for inclusion in the Compliance Certificate to be provided by FinCo in relation to such Financial Year End, Financial Half Year End or Quarter Calculation Date (as applicable).

Testing in connection with a Proposed Additional Transaction

In addition, prior to the entry by an Obligor into a Proposed Additional Transaction, FinCo shall deliver a Proposed Additional Transaction Certificate to the Obligor Security Trustee, which shall contain, *inter alia*, calculations of the Pro Forma LTV, the Projected ICR and the Pro Forma Projected ICR.

The Obligor Security Trustee shall be entitled, if directed by written instruction from Qualifying Secured Participants holding at least 25 per cent. of the Qualifying Debt, to make a Challenge within the Challenge Period in respect of any calculation or statement contained in such Proposed Additional Transaction

Certificate if there is reasonable reason to believe that any calculation or statement thereof may be incorrect or misleading in any material respect.

If the Obligor Security Trustee makes a Challenge, it shall request further information from FinCo in relation to such disputed calculations and/or statements. FinCo shall provide such further information promptly, and within 14 days of receipt, the Obligor Security Trustee (acting upon the instructions of the Qualifying Secured Participants in accordance with the STID) may accept such calculations and/or statements or appoint an Independent Expert to carry out an Investigation Mandate. If an Independent Expert is appointed, such Independent Expert may reasonably request further information from the Obligors (and shall agree to keep such information confidential), and within 30 days of his appointment, such Independent Expert will present its conclusions as to whether, in its reasonable opinion, the disputed calculations and/or statements set out by FinCo are true and accurate in all material respects or not. Such conclusions shall be binding on all parties.

If the Independent Expert concludes that the calculations are not accurate in all material respects, FinCo may provide a re-stated certificate at any time, which shall be subject to the same challenge rights. No Proposed Additional Transaction may be undertaken until a Proposed Additional Transaction Certificate has been delivered which is not the subject of a Challenge. The costs and expenses of the Independent Expert will, in all cases, be paid by FinCo.

Conduct of Tests on a Net Basis

If the Obligors intend to carry out more than one Proposed Additional Transaction within the Net Basis Testing Period (such Proposed Additional Transactions being together, a "**Transaction Series**"), then the Proposed Additional Transaction Tests to be calculated in respect of such Proposed Additional Transaction shall be calculated on an Individual Basis, unless it is calculated on a Net Basis.

The Proposed Additional Transaction Tests may be calculated on a Net Basis, provided that:

(a) the Proposed Additional Transaction Tests are conducted twice for each Transaction Series, as follows:

  (i) prior to the date that the first Proposed Additional Transaction is entered into; and

  (ii) on the earlier of (X) the date of completion of the Last Proposed Additional Transaction or (Y) the last day of the Net Basis Testing Period, or (Z) the date upon which FinCo gives notice that it considers it will be unable to complete the Transaction Series; and

(b) the Asset Criteria are complied with on (i) the first day of the Net Basis Testing Period and (ii) on the earlier of (X) the date of completion of the Last Proposed Additional Transaction or (Y) the last day of the Net Basis Testing Period, or (Z) the date upon which FinCo gives notice that it considers it will be unable to complete the Transaction Series; and

(c) if any Proposed Additional Transaction in the Transaction Series comprises a Permitted Disposal, either:

  (a) the disposal is the final Proposed Additional Transaction in a Transaction Series; or

  (b) the Obligors deposit into the Disposal/Withdrawal Deposit Account an aggregate amount equal to (assuming that the subsequent Proposed Additional Transactions in any Transaction Series do not occur) at least the amount required to prepay the Senior Debt Obligations to restore the T1 Covenant Regime, together with the Obligors' reasonable estimate of any associated Break Costs, Repayment Costs and other amounts which would be due in connection with such a prepayment in accordance with the Prepayment Principles and paragraph (d) of the Hedging Covenant, up to a maximum of the full amount of the Net Disposal Proceeds of the relevant Permitted Disposal, and/or provide a letter of credit from a counterparty with an Approved Counterparty Rating in favour of the Obligor Security Trustee in that amount. Such amount would remain on deposit until the earlier of (X) the date of completion of the Last Proposed Additional Transaction or (Y) the last day of the Net Basis Testing Period, or (Z) the date upon which FinCo gives notice that it considers it will be unable to complete the Transaction Series. Any amount so deposited shall be applied by the Obligors to complete any Proposed Additional Transaction forming part of the Transaction Series. Following the date of (X), (Y) or (Z) above, and after the application of such deposited amount towards the completion of any prepayment of Senior Debt Obligations as may be required to be made, as described under the section entitled "*Prepayment Events and Principles*" on page 140 below and paragraph (d) of the Hedging Covenant, any remaining deposited amount shall be released and (provided a Restricted Payment may be made pursuant to the restrictions thereon under the CTA) credited to the Restricted Payment Account for application by FinCo at its sole discretion (and otherwise deposited into the Rent and General Account); and

(d) if any Proposed Additional Transaction in the Transaction Series comprises a Permitted Withdrawal,

(a) the withdrawal is the final Proposed Additional Transaction in a Transaction Series; or

(b) the Obligors deposit an amount into the Disposal/Withdrawal Deposit Account or provide a security deposit or a letter of credit from a counterparty with an Approved Counterparty Rating in favour of the Obligor Security Trustee in an aggregate amount at least equal to (assuming that the subsequent Proposed Additional Transactions in any Transaction Series do not occur) at least the amount required to prepay the Senior Debt Obligations to restore the T1 Covenant Regime, together with the Obligors' reasonable estimate of any associated Break Costs, Repayment Costs and other amounts which would be due in connection with such a prepayment in accordance with the Prepayment Principles. The security deposit or letter of credit shall be supplied until the earlier of (X) the date of completion of the Last Proposed Additional Transaction or (Y) the last day of the Net Basis Testing Period, or (Z) the date upon which FinCo gives notice that it considers it will be unable to complete the Transaction Series. Any amount so deposited shall be applied by the Obligors to complete any Proposed Additional Transaction forming part of the Transaction Series. Following the date of (X), (Y) or (Z) above, and after the application of such deposited amount towards the completion of any prepayment of Senior Debt Obligations as may be required to be made, as described under the section entitled "*Prepayment Events and Principles*" on page 140 below, any remaining deposited amount shall be released and (provided a Restricted Payment may be made pursuant to the restrictions thereon under the CTA) credited to the Restricted Payment Account for application by FinCo at its sole discretion (and otherwise deposited into the Rent and General Account).

Subject to paragraphs (a) to (d) above, if a Proposed Additional Transaction is conducted on a Net Basis, the Obligors may carry out all the Proposed Additional Transactions in the Transaction Series notwithstanding the consequences that would apply if any transaction was conducted individually, and any prepayment of the Senior Debt Obligations required shall be assessed on a Net Basis only.

However, if a Financial Covenant would be breached by carrying out a Proposed Additional Transaction, whether on an Individual Basis or a Net Basis, the Obligors may not complete such Proposed Additional Transaction.

Guarantee

Each Obligor will irrevocably and unconditionally, jointly and severally (i) guarantee to the Obligor Security Trustee due and punctual performance by each other Obligor of all the Obligor Secured Liabilities, (ii) undertakes with the Obligor Security Trustee that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Obligor shall immediately on demand by the Obligor Security Trustee pay that amount as if it was the principal obligor and (iii) agrees with the Obligor Security Trustee that if any payment obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Obligor Security Trustee immediately on demand against any cost, loss or liability the Obligor Security Trustee or any Secured Participant incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due.

If any Obligor is disposed of in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Obligor, then on such date such Obligor ceases to be a Guarantor.

Indemnities

Without prejudice to any indemnity contained in any other Finance Document, each Obligor will jointly and severally indemnify, within one Business Day of first demand, each Finance Party against:

(a) any loss or liability which that Finance Party properly incurs as a consequence of

   (i) receiving an amount in respect of that Obligor's liability; or

   (ii) that liability being converted into a claim, proof, judgment or order; and

(b) any loss, liability, fees, expenses, claims, charges or damages which that Finance Party reasonably incurs as a consequence of:

   (i) the occurrence or continuance of any Default;

   (ii) a breach by an Obligor of any of its obligations under a Finance Document;

   (iii) (other than by reason of negligence, wilful misconduct or default by that Finance Party alone) any financial accommodation not being given after a Request has been delivered for that financial accommodation;

   (iv) any financial accommodation provided to FinCo not being prepaid in accordance with a notice of prepayment; or

   (v) any failure by an Obligor to pay any amount due under a Finance Document on its due date.

Each Obligor will jointly and severally indemnify the Obligor Security Trustee against any loss, liability, fees, expenses, claims, charges or damages incurred by the Obligor Security Trustee as a result of (i) investigating any event which the Obligor Security Trustee reasonably believes to be a Default or (ii) acting or relying on any notice, which the Obligor Security Trustee reasonably believes to be genuine, correct and appropriately authorised.

Prepayment Events and Principles

Mandatory Prepayment

FinCo shall be obliged to prepay Senior Debt Obligations in the following circumstances:

(a) while the T3 Covenant Regime is in effect, FinCo shall use any Excess Cash to mandatorily prepay Senior Debt Obligations in part on each Interest Payment Date, *pro rata* to the amounts required to be prepaid in accordance with the Prepayment Principles;

(b) following receipt of amounts under a material damage insurance policy which have not been committed to be applied towards reinstatement within 3 years of the event leading to claims, FinCo shall use such amounts standing to the credit of the Insurance Proceeds Account to prepay Senior Debt Obligations in part on each Interest Payment Date, *pro rata* to the amounts required to be prepaid in accordance with the Prepayment Principles;

(c) following receipt of amounts pursuant to any compulsory purchase of a Property, FinCo shall use such amounts standing to the credit of the Prepayments Account, following transfer thereof to the Debt Service Account, to prepay Senior Debt Obligations in part on each Interest Payment Date, *pro rata* to the amounts required to be prepaid in accordance with the Prepayment Principles.

Any such prepayment shall each be made in accordance with the Prepayment Principles.

Voluntary Prepayment

In addition, FinCo may, on giving not less than 5 Business Days prior notice (and, in respect of a prepayment of an ICL Loan, such notice shall expire on an Interest Payment Date of the corresponding Tranche of Notes) to the relevant Secured Participant Representatives (or any shorter period as agreed with such Secured Participant Representatives) prepay the whole or any part of any Authorised Finance Facility in accordance with the Prepayment Principles.

Mandatory Prepayment following a Proposed Additional Transaction tested on an Individual Basis

Where a Proposed Additional Transaction has been tested on an Individual Basis, the following mandatory prepayment provisions shall apply, and in each case, FinCo, following completion of such Proposed Additional Transaction, shall, if required to make a prepayment of Senior Debt Obligations pursuant to the relevant table below, make the mandatory prepayment immediately upon the expiry of 5 Business Days notice having been delivered to the Obligor Security Trustee and the Secured Participants (which shall have been promptly delivered following such Proposed Additional Transaction), subject to and in accordance with the Prepayment Principles (provided that a prepayment of the Notes shall only occur on an Interest Payment Date in respect of such Notes):

(a) Permitted Disposal

Where the Proposed Additional Transaction is a Permitted Disposal pursuant to paragraph (A) only of the definition of Permitted Disposal, FinCo shall make a mandatory prepayment of Senior Debt Obligations immediately upon the expiry of 5 Business Days' notice having been delivered to the Obligor Security Trustee and the Secured Participant Representatives (which shall have been promptly delivered following completion of such Permitted Disposal) utilising (*inter alia*) Net Disposal Proceeds deposited into the Prepayments Account and transferred to the Debt Service Account in the amount set out in the following table (provided that a prepayment of the Notes shall only occur on an Interest Payment Date in respect of such Notes) subject to and in accordance with the Prepayment Principles:

Covenant Regime in force immediately prior to completion of Proposed Additional Transaction	Covenant Regime in force immediately after completion of Proposed Additional Transaction, as evidenced by Proposed Additional Transaction Certificate	Amount of Senior Debt Obligations due to be Prepaid
Any	T1 Covenant Regime	None
T1	T2 or T3	Prepayment in an amount sufficient to achieve the T1 Covenant Regime being in force
T2 Covenant Regime	T2 or T3 Covenant Regime	Prepayment in an amount sufficient so that (i) there is prepayment of at least the full amount of the net proceeds of such Permitted Disposal or, if less, the amount thereof required to achieve the T1 Covenant Regime being in force, and (ii) (a) the Pro Forma LTV is no worse than the LTV which applied prior to such Permitted Disposal and (b) the Pro Forma Projected ICR is not more than 0.1x worse than the Projected ICR which applied prior to such Permitted Disposal (provided that such permitted worsening of the Projected ICR is only permitted to the extent it does not cause the T3 Covenant Regime to apply)
T3 Covenant Regime	T2 Covenant Regime	Prepayment in an amount equal to at least the full amount of the net proceeds of such Permitted Disposal or, if less, the amount thereof required to achieve the T1 Covenant Regime being in force
T3 Covenant Regime	T3 Covenant Regime	Prepayment in an amount equal to at least the full amount of the net proceeds of such Permitted Disposal or, if less, the amount thereof required to achieve the T1 Covenant Regime being in force

(b) Permitted Withdrawal

Where the Proposed Additional Transaction is a Permitted Withdrawal, FinCo shall make a mandatory prepayment of Senior Debt Obligations immediately upon the expiry of 5 Business Days' notice having been delivered to the Obligor Security Trustee and the Secured Participant Representatives (which shall have been promptly delivered following completion of such Permitted Withdrawal) in the amount set out in the following table (provided that a prepayment of the Notes shall only occur on an Interest Payment Date in respect of such Notes) subject to and in accordance with the Prepayment Principles:

Covenant Regime in force immediately prior to completion of Proposed Additional Transaction	**Covenant Regime in force immediately after completion of Proposed Additional Transaction, as evidenced by Proposed Additional Transaction Certificate**	**Amount of Senior Debt Obligations due to be Prepaid**
Any	T1 Covenant Regime	None
Any	T2 or T3 Covenant Regime	Prepayment in an amount sufficient to achieve the T1 Covenant Regime being in force

(c) Permitted Acquisition

Where the Proposed Additional Transaction is a Permitted Acquisition within the meaning of paragraph (A) of the definition thereof only, FinCo shall make a mandatory prepayment of Senior Debt Obligations immediately upon the expiry of 5 Business Days' notice having been delivered to the Obligor Security Trustee and the Secured Participant Representatives (which shall have been promptly delivered following completion of such Permitted Acquisition) in the amount set out in the following table (provided that a prepayment of the Notes shall only occur on an Interest Payment Date in respect of such Notes) subject to and in accordance with the Prepayment Principles:

Covenant Regime in force immediately prior to completion of Proposed Additional Transaction	**Covenant Regime in force immediately after completion of Proposed Additional Transaction, as evidenced by Proposed Additional Transaction Certificate**	**Amount of Senior Debt Obligations due to be Prepaid**
Any	T1 Covenant Regime	None
T1 Covenant Regime	T2 or T3 Covenant Regime	Prepayment in an amount sufficient to achieve the T1 Covenant Regime being in force
T2 Covenant Regime	T2 or T3 Covenant Regime	Prepayment in an amount sufficient so that (i) the Pro Forma LTV is no worse than the LTV which applied prior to the Permitted Acquisition and (ii) the Pro Forma Projected ICR is not more than 0.1x worse than the Projected ICR which applied prior to the Permitted Acquisition (provided that such permitted worsening of the Projected ICR is only permitted to the extent it does not cause the T3 Covenant Regime to apply)
T3 Covenant Regime	T2 Covenant Regime	None
T3 Covenant Regime	T3 Covenant Regime	None

Mandatory Prepayment following a Proposed Additional Transaction tested on a Net Basis

Where a Proposed Additional Transaction has been tested on a Net Basis, the following mandatory prepayment provisions shall apply, and FinCo, following the earlier of the dates (X), (Y) and (Z) referred to on page 134 above in relation to the Transaction Series, shall, if required to make a prepayment of Senior Debt Obligations pursuant to the table below and subject to paragraph (c) of the section entitled "*Prepayment Principles*" on page 142 below, make the mandatory prepayment immediately upon the expiry of 5 Business Days' notice having been delivered to the Obligor Security Trustee and the Secured Participants (which shall have been promptly delivered following such second testing date) utilising (*inter alia*) any amount deposited into the Disposal/Withdrawal Deposit Account, subject to and in accordance with the Prepayment Principles (provided that a prepayment of the Notes shall only occur on an Interest Payment Date in respect of such Notes):

Covenant Regime in force immediately prior to Transaction Series	**Covenant Regime in force immediately after Transaction Series, as evidenced by Proposed Additional Transaction Certificate**	**Amount of Senior Debt Obligations due to be Prepaid**
Any	T1	None
T1 Covenant Regime	T2 or T3 Covenant Regime	Prepayment in an amount sufficient to achieve the T1 Covenant Regime being in force
T2 Covenant Regime	T2 or T3 Covenant Regime	Prepayment in an amount sufficient so that (i) there is prepayment of at least the full amount of the net proceeds of the disposals of the Transaction Series falling within paragraph (A) of the definition of Permitted Disposal or, if less, the amount thereof required to achieve the T1 Covenant Regime being in force, and (ii) (a) the Pro Forma LTV is no worse than the LTV which applied prior to the Transaction Series and (b) the Pro Forma Projected ICR is not more than 0.1x worse than the Projected ICR which applied prior to the Transaction Series (provided that such permitted worsening of the Projected ICR is only permitted to the extent it does not cause the T3 Covenant Regime to apply)
T3 Covenant Regime	T2 Covenant Regime	Prepayment in an amount equal to at least the full amount of the net proceeds of the disposals of the Transaction Series falling within paragraph (A) of the definition of Permitted Disposal or, if less, the amount thereof required to achieve the T1 Covenant Regime being in force
T3 Covenant Regime	T3 Covenant Regime	Prepayment in an amount equal to at least the full amount of the net proceeds of the disposals of the Transaction Series falling within paragraph (A) of the definition of Permitted Disposal or, if less, the amount thereof required to achieve the T1 Covenant Regime being in force

Other Permitted Disposals Prepayment

Where a Permitted Disposal pursuant to paragraph (B)(i) or (B)(v) (in the latter case only where the aggregate proceeds in any one calendar year have exceeded £4,000,000 in respect of the Portfolio) only of the definition of Permitted Disposal has occurred, FinCo undertakes that, following completion of such Permitted Disposal, it shall promptly deposit the proceeds thereof into the Prepayments Account (and provided that, if such proceeds are less than £4,000,000 in aggregate in respect of the Portfolio, they shall be deposited into the Rent and General Account). Thereafter it shall, subject to paragraph (c) of the section entitled "*Prepayment Principles*" below, promptly deliver a notice of prepayment to the Obligor Security Trustee and the Secured Participant Representatives, and upon the expiry of 5 Business Days following the delivery of such notice, it shall mandatorily prepay Senior Debt Obligations (provided that a prepayment of the Notes shall only occur on an Interest Payment Date in respect of such Notes) in accordance with the Prepayment Principles.

Prepayment Principles

All prepayments, whether mandatory or voluntary, shall, unless otherwise stated, be made in accordance with the following prepayment principles:

(a) If the Obligors make a prepayment of any Authorised Loan Facility in respect of which there is more than one Authorised Loan Facility Provider, they must prepay all the Authorised Loan Facility Providers on a *pro rata* and *pari passu* basis, and cannot choose to prepay one Authorised Loan Facility Provider only;

(b) If, following the voluntary or mandatory prepayment of any amount of any Senior Debt Obligations, the T1 Covenant Regime applies or would apply, then FinCo may elect at its sole discretion which Senior Debt Obligations to prepay;

(c) In relation to prepayments of Senior Debt Obligations, whether mandatory or voluntary, of amounts in aggregate less than £10,000,000, FinCo shall either (i) deposit such amounts in the Prepayments Account and shall not withdraw such amounts until it has deposited, together with such amounts already deposited in accordance with this paragraph (c), an amount which in aggregate exceeds £10,000,000, following which it shall make a prepayment in accordance with paragraph (b) above or paragraph (d) below (as applicable), or (ii) prepay such Senior Debt Obligations selected by FinCo in its sole discretion;

(d) In relation to all prepayments of Senior Debt Obligations in an amount in aggregate greater than £10,000,000 (the amount required to be applied in prepayment, being the "**Prepayment Amount**"), other than as described in paragraph (b) above, FinCo must prepay or purchase all Senior Debt Obligations on a Pro Rata Basis and *pari passu* basis across all Senior Debt Obligations, provided that:

    (A) in respect of Senior Debt Obligations which constitute an Authorised Loan, the portion of the Prepayment Amount allocated to such Senior Debt Obligations shall be applied in or towards prepayment of the Authorised Loan;

    (B) in respect of Senior Debt Obligations which constitute an ICL Loan and the corresponding Tranche of Notes, the portion of the Prepayment Amount allocated thereto shall be applied in making a market offer to the holders of all such Notes to purchase Notes at par (or, if less, the then-current market price) on customary market terms, with any such Notes to be cancelled. In the event that such offer is over-subscribed, Notes shall be purchased from the accepting Noteholders on a *pro rata* basis according to their respective nominal holding of Notes on the date the offer is made. In the event that the offer is under-subscribed, the excess amount shall be reapplied to prepay Senior Debt Obligations as set out in this paragraph (ii), but excluding Senior Debt Obligations which constitute Notes; and

(C) in respect of other Senior Debt Obligations ("**Other Applicable Senior Debt**"), the portion of the Prepayment Amount allocated to such Other Applicable Senior Debt shall be applied in prepayment or as an offer to purchase at par (or, if less, the then-current market price) (as appropriate) on customary market terms (the "**Relevant Mechanic**"). In the event that the Relevant Mechanic produces the result that any such Other Applicable Senior Debt does not accept prepayment (or rejects an offer to purchase as the case may be) either in whole or in part (the "**Declining Senior Debt**"), the relevant amount allocated to the Declining Senior Debt shall be re-applied to prepay Senior Debt Obligations as set out in this paragraph (ii), but excluding the Declining Senior Debt.

Defeasance

If, following the application of the prepayment mechanism set out above and the prepayment of the Senior Debt Obligations in full, there remains an excess, then such excess will be required to be promptly deposited into a Defeasance Account, for application thereafter by FinCo for the following purposes only (as certified by FinCo to the Obligor Security Trustee in a certificate signed by two directors (one of whom is the finance director or chief financial officer):

(a) in voluntary prepayment and early redemption of any ICL Loan and the Notes of the associated Tranche, including (for the avoidance of any doubt) payment of any Make Whole Amount applicable to such Tranche of Notes;

(b) in making a market offer to the holders of Notes to purchase Notes at par (or, if less, the then-current market price) on customary market terms, with any such Notes to be cancelled;

(c) in or towards the purchase price for any Permitted Acquisition, provided that prior to the release of any such funds for this purpose, FinCo delivers to the Obligor Security Trustee a certificate, signed by two directors (one of whom is the finance director or chief financial officer) confirming that the applicable Covenant Regime for the Security Group has been, for the whole of the 12-month period preceding the date of delivery of such certificate, and will following such Permitted Acquisition be the T1 Covenant Regime; or

(d) to repay and redeem any ICL Loan and the Notes of the associated Tranche at their Expected Maturity Date.

Prepayment Amount

All prepayments shall be made at par (or such lesser market price as is permitted in accordance with the foregoing provisions under (d)(ii)(B) and (C) above), together with accrued interest on the amount prepaid and, subject to any Break Costs or Make-Whole Amount, without additional premium or penalty. FinCo shall only be obliged to pay a Make-Whole Amount if the same is expressly provided for under the terms of any Authorised Finance Facility.

Repayment Costs

In relation to all prepayments of Senior Debt Obligations, FinCo will be required, upon the date of any such prepayment, make payment in full of any associated Repayment Costs, provided that any amount of Repayment Costs as constitute amounts reserved in the Disposal/Withdrawal Deposit Account pursuant to paragraph (d) of the Hedging Covenant shall be paid by FinCo in accordance with the relevant provisions of the Obligor Cash Management Agreement at any time during the period during which it is permitted to take action to address its non-compliance with the Overhedging Limit pursuant to paragraph (b) of the Hedging Covenant.

Obligor Events of Default

The Common Terms Agreement will contain a number of events of default which will be Obligor Events of Default under each Finance Document.

It will be a term of the Common Terms Agreement that any event of default contained in an Authorised Finance Facility Agreement (howsoever worded) in respect of any Obligor to which an Obligor is a party which is in addition to the Obligor Events of Default in the Common Terms Agreement will be unenforceable save for, *inter alia*, (i) in relation to any representations or warranties or covenants which are permitted under the Common Terms Agreement, (ii) any mandatory prepayment events in an Authorised Finance Facility Agreement which arise on the occurrence of any events of default or termination event (howsoever worded), (iii) any event of default or termination event (howsoever worded) contained in any Liquidity Facility Agreement or Hedging Agreement, (iv) any event of default (howsoever worded) contained in the Initial Authorised Loan Facility Agreement as at the Initial Issue Date or (v) any event of default (howsoever worded) contained in any Authorised Loan Facility Agreement entered into after the Initial Issue Date which are also contained in the Initial Authorised Loan Facility Agreement, unless (in the case of (ii) above) the resulting prepayment is expressly permitted under the STID.

The Obligor Events of Default will be:

Non Payment

An Obligor does not pay on the due date any amount payable by it under any Finance Document to which it is a party in the manner required under such documents other than where such failure to pay is caused by an administrative or technical error and such payment is made within 3 (three) Business Days of the due date.

Breach of Financial Covenants

(a) The LTV as stated in the Compliance Certificate produced in respect of any Calculation Date is greater than 80%, or the Pro Forma LTV stated in a Compliance Certificate (Post-Forfeiture) is greater than 80%; or

(b) the Historical ICR as stated in the Compliance Certificate produced in respect of any Calculation Date is less than 1.25:1, or the Pro Forma Projected ICR stated in a Compliance Certificate (Post-Forfeiture) is less than 1.25:1,

provided that it will not be an Obligor Event of Default where a Cure Right is exercised within 14 Business Days of the date of such Compliance Certificate or Compliance Certificate (Post-Forfeiture) as the case may be.

Breach of Covenants relating to Negative Pledge, Conduct of Business and Permitted Business

(a) An Obligor does not comply with the covenants contained in the Common Terms Agreement as to negative pledge or conduct of business which, except where such non-compliance is not capable of remedy, is not remedied within 30 days of the earlier of (i) the Obligor Security Trustee giving notice to the relevant Obligor of such breach, or (ii) the relevant Obligor becoming aware of its failure to comply.

(b) An Obligor does not comply with the covenant contained in the Common Terms Agreement as to conduct of a Permitted Business which, except where such non-compliance is not capable of remedy, is not remedied within 20 days of the earlier of (i) the Obligor Security Trustee giving notice to the relevant Obligor of such breach, or (ii) the relevant Obligor becoming aware of its failure to comply.

Breach of the Tax Deed of Covenant

(a) A Retrospective De-REITing Event of Default occurs.

(b) A breach of the covenant in the Tax Deed of Covenant to procure that all Relevant Elections which were taken into account in the drawing up of a Relevant Tax Liability Certificate in respect of a Permitted Disposal or Permitted Acquisition are made on or prior to the date of the relevant disposal or acquisition for any tax purpose of the asset that is the subject-matter of that disposal or acquisition (as the case may be), and are not subsequently revoked or amended, save in certain circumstances as described in the Tax Deed of Covenant;

(c) FinCo does not transfer to the Tax Reserve Account an amount identified in a Relevant Tax Liability Certificate which relates to a Permitted Disposal or a Permitted Acquisition and is required to be reserved in accordance with the Tax Deed of Covenant.

Breach of other obligations

An Obligor does not comply with any term of any covenant or undertaking in the CTA or any other Finance Document (other than as referred to in the preceding paragraphs of this section, and other than any breach of the provisions of an Authorised Loan Facility relating to FATCA compliance) which, except where such non-compliance is not capable of remedy, is not remedied within 30 days of the earlier of (i) the Obligor Security Trustee giving notice to the relevant Obligor of such breach, or (ii) the relevant Obligor becoming aware of its failure to comply.

Misrepresentation

A representation or warranty made or repeated by an Obligor in the CTA or in any document delivered by or on behalf of any Obligor under any Finance Document is incorrect or misleading in any material respect when made or deemed to be repeated, unless the circumstances giving rise to the misrepresentation:

(a) are capable of remedy; and

(b) are remedied within 30 days of the earlier of (i) the Obligor Security Trustee giving notice to the relevant Obligor of such breach, or (ii) the relevant Obligor becoming aware of its failure to comply,

save that this paragraph will not apply to any breach of the representations and warranties contained in an Authorised Loan Facility relating to FATCA compliance.

Cross-default

Any of the following occurs in respect of one or more Obligors:

(a) any Financial Indebtedness is not paid when due after the expiry of any originally applicable grace period; or

(b) any Financial Indebtedness in an aggregate amount exceeding £1,000,000:

   (i) is declared to be or otherwise becomes due and payable prior to its specified maturity; or

   (ii) any commitment for such Financial Indebtedness is cancelled or suspended;

   (iii) any creditor of any Obligor becomes entitled to declare such Financial Indebtedness due and payable prior to its specified maturity or is otherwise placed on demand,

in each case, as a result of an event of default (howsoever described) or a Termination Event (as defined in each Hedging Agreement).

Insolvency

An Insolvency Event occurs in respect of one or more Obligors.

Unlawfulness and invalidity

Any of the following occurs in respect of one or more Obligors:

(a) (i) it becomes unlawful to perform any of its obligations under the Finance Documents, or (ii) any Obligor Security Document does not (or ceases to) create the Security Interests it purports to create (subject to the Reservations);

(b) any of its obligations under any Finance Documents are not or cease to be legal, valid, binding or enforceable (subject to the Reservations); and

(c) an Obligor repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

Material Proceedings

Any litigation, arbitration, administration or other proceedings occurs:

(a) concerning or arising in consequence of the Finance Documents, which is reasonably likely to be adversely determined, and if adversely determined could reasonably be expected to have a Material Adverse Effect; or

(b) which have been started in relation to the Security Group's business activities which is reasonably likely to be adversely determined, and if adversely determined could reasonably be expected to have a Material Adverse Effect.

If an Obligor Event of Default or Obligor Potential Event of Default occurs (including, without limitation, pursuant to *'Breach of the Tax Deed of Covenant'* above), any Obligor becoming aware thereof will promptly, upon becoming aware thereof, notify the Obligor Security Trustee and the Secured Participant Representatives thereof and of any steps being taken to remedy the same.

Obligor Pre-Enforcement Priority of Payments

On any Business Day (or, in the case of any payment stated below to be made on any particular date, on such date), and subject always to the Initial Issue Escrow Arrangements, the Obligor Cash Manager shall instruct the Obligor Account Bank to make such payments or provide for such payments from the Income and other Available Funds standing to the credit of the Rent and General Account on such day as are required to ensure compliance with the Obligor Pre-Enforcement Priority of Payments below:

(a) *first*, in transfer to the Opex Accounts of all Non-Rental Income and other amounts necessary to pay Operating Expenses of the Security Group;

(b) *second*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of payment:

   (i) of any fees (including without limit, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, charges, expenses, liabilities and any other amounts (including any VAT thereon) due and payable to the Obligor Security Trustee and any agent, attorney or delegate; and

   (ii) to the Issuer of an amount equal to any fees (including without limit, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, charges, expenses, liabilities and any other amounts (including any VAT thereon) due and payable to the Issuer Trustee and any agent, attorney or delegate;

(c) *third*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of payment of any Tax liabilities of the Security Group (and for the avoidance of doubt, no amount shall be paid out under this paragraph (c) to fund any amounts required to be reserved in the Tax Reserve Account pursuant to the Tax Deed of Covenant);

(d) *fourth*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of payment of fees (including without limit, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, charges, expenses, liabilities and any other amounts (including any VAT thereon) owing to:

   (i) the Obligor Account Bank;

   (ii) the Obligor Cash Manager;

   (iii) any Authorised Loan Facility Agent fees, and equivalent fees and expenses of the Issuer; and

   (iv) to the Issuer in payment on any Business Day in respect of the Ongoing Facility Fee of an amount equal to any liability of the Issuer to costs and expenses under paragraphs (i), (iii), (iv) and (v) of the Issuer Pre-Enforcement Priority of Payments;

(e) *fifth*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of payment of fees (including without limit, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, charges, expenses, liabilities and any other amounts (including any VAT thereon) owing to:

   (v) the Property Administrators; and

   (vi) the Property Manager (if appointed);

(f) *sixth*, in or towards satisfaction of payment of fees (including without limit, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, charges, liabilities and any other amounts (including any VAT thereon) owing to the Liquidity Facility Provider (other than any Liquidity Facility Subordinated Amount as provided under paragraph (k) below);

(g) *seventh*, on or before each Trap Date, to transfer to the Debt Service Account:

   (i) the full amount of scheduled interest, fees, expenses and other amounts (including any VAT thereon) (other than payments of principal) due on the Senior Debt Obligations, together with any scheduled amounts due to a Hedge Counterparty which are not Hedge Subordinated Amounts subordinated under paragraph (l) below, each due on any Interest Payment Dates falling prior to the next Trap Date, other than any such amounts as are to be funded by a net payment to FinCo by a Hedge Counterparty under a Hedging Agreement on or prior to any such Interest Payment Date (which amounts shall be deposited directly into the Debt Service Account), and to the extent not covered by amounts already standing to the credit of the Debt Service Account by virtue of (ii) below; and

   (ii) in respect of any Trap Date and accrued interest on Senior Debt Obligations as at such date but which does not fall due for payment prior to the next Trap Date, the amount of such accrued interest,

   and no payments may be made to items ranking below this paragraph (g) during any Trap Period from Rental Income received during that Trap Period, until this transfer has been made;

(h) *eighth*, on or before each Trap Date, to transfer to the Debt Service Account, the full amount of any scheduled payment, or mandatory or voluntary prepayment, of the principal amount of Senior Debt

Obligations due on any Interest Payment Dates falling prior to the next Trap Date, other than any such amounts as are to be funded by a net payment to FinCo by a Hedge Counterparty under a Hedging Agreement on or prior to any such Interest Payment Date (which amounts shall be deposited directly into the Debt Service Account) or by a Drawdown under an Authorised Finance Facility on or prior to any such Interest Payment Date (which amounts shall be deposited directly into the Debt Service Account) (to the extent not covered by amounts already standing to the credit of the Disposal/Withdrawal Deposit Account, Prepayments Account, Deposit/Cure Account or Defeasance Account and earmarked for the prepayment of Senior Debt Obligations pursuant to the section entitled "*Prepayment Events and Principles*" on page 136 above, together with any unscheduled amounts (including any Early Termination Amount, as defined in the applicable Hedging Agreement) due to any Hedge Counterparty which is not a Hedge Subordinated Amount subordinated under paragraph (l) below, and to the extent not already covered by amounts already standing to the credit of the Debt Service Account. No payments may be made to items ranking below this paragraph (h) during any Trap Period from Rental Income received during that Trap Period, until this transfer has been made;

(i) *ninth*, on each Trap Date, to transfer to the Liquidity Account in an amount up to the then-applicable Liquidity Reserve Required Amount. No payments may be made to items ranking below this paragraph (i) during any Trap Period from Rental Income received during that Trap Period until this transfer has been made;

(j) *tenth*, only following completion of the transfers referred to in paragraphs (g), (h) and (i) above, *pro rata and pari passu* in or towards satisfaction of payment of any and all other amounts due to the Finance Parties under the Finance Documents;

(k) *eleventh*, only following completion of the transfers referred to in paragraphs (g), (h) and (i) above, in or towards satisfaction of any payment due or overdue to the Liquidity Facility Provider under the Liquidity Facility Agreement which arises as a result of the default of the Liquidity Facility Provider;

(l) *twelfth*, only following completion of the transfers referred to in paragraphs (g), (h) and (i) above, *pro rata and pari passu* in or towards satisfaction of any Hedge Subordinated Amounts;

(m) *thirteenth*, only following completion of the transfers referred to in paragraphs (g), (h) and (i) above, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of any payment due or overdue of interest payable on Third Party Unsecured Financial Indebtedness;

(n) *fourteenth*, only following completion of the transfers referred to in paragraphs (g), (h) and (i) above, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of any payment due or overdue of principal of Third Party Unsecured Financial Indebtedness;

(o) *fifteenth*, following payment of, or provisioning for, the amount falling due or accruing during a Trap Period under paragraphs (a) to (n) above, when the T3 Covenant Regime applies only, a transfer of all remaining cash to the Debt Service Account for application in accordance with paragraph (a) of the section entitled "*Mandatory Prepayment*" in the section entitled "*Prepayment Events and Principles*" on page 136 above; and

(p) *sixteenth*, following payment of, or provisioning for, the amounts falling due or accruing during a Trap Period under paragraphs (a) to (o) above, save where the T3 Covenant Regime applies, and only to the extent permitted by the Finance Documents, in payment of any Restricted Payment.

Obligor Post-Enforcement Priority of Payments

Following the delivery of an Obligor Enforcement Notice, all monies received or recovered by the Obligor Security Trustee (or the Receiver or any delegate appointed by the Obligor Security Trustee) in respect of any Finance Document, the Security and the guarantees held by the Obligor Security Trustee, other than (i) any Excess Hedge Collateral, (ii) any amounts standing to the credit of the Defeasance Account, which shall be applied in repayment on a *pro rata* and *pari passu* basis of, first, accrued but unpaid interest and, second, the principal amount outstanding of the outstanding ICL Loans and the associated Tranches of Notes, (iii) any amount standing to the credit of the Liquidity Account from any Standby Drawing under a Liquidity Facility (which shall be returned to the relevant Liquidity Facility Provider), and (iv) any amounts standing to the credit of the Restricted Payment Account, which shall be paid to such account of a Non-Restricted Group Entity as FinCo may direct, shall be applied (to the extent that it is lawfully able to do so) by or on behalf of the Obligor Security Trustee or, as the case may be, any Receiver or any delegate appointed by the Obligor Security Trustee, in accordance with the following Obligor Post-Enforcement Priority of Payments:

(a) *first*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of payment:

(i) of any fees (including without limit, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, charges, expenses, liabilities and any other amounts (including any VAT thereon) due and payable to the Obligor Security Trustee or any agent, attorney, delegate or receiver appointed by the Obligor Security Trustee; and

(ii) to the Issuer of an amount equal to any fees (including without limit, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, charges, expenses, liabilities and any other amounts (including any VAT thereon) due and payable to the Issuer Trustee or any agent, attorney, delegate or receiver appointed by the Issuer Trustee;

(b) *second*, in transfer to the Opex Accounts of amounts as required to pay Operating Expenses of the Security Group;

(c) *third*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of payment of fees (including without limit, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, charges, expenses, liabilities and any other amounts (including any VAT thereon) owing to:

(i) the Obligor Account Bank;

(ii) the Obligor Cash Manager;

(iii) any Authorised Loan Facility Agent fees; and

(iv) to the Issuer in payment in respect of the Ongoing Facility Fee of an amount equal to any liability of the Issuer to costs and expenses under paragraphs (i) and (ii) of the Issuer Post-Enforcement Priority of Payments;

(d) *fourth*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of payment of any fees (including without limit, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, charges, expenses, liabilities and any other amounts (including any VAT thereon) owing to:

(i) the Property Administrators; and

(ii) the Property Manager (if any);

(e) *fifth*, in or towards satisfaction of payment of any fees (including without limit, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, charges, expenses, liabilities and any other amounts (including any VAT thereon) owing to the Liquidity Facility Provider (other than Liquidity Facility Subordinated Amounts as provided under paragraph (j) below);

(f) *sixth*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of interest, fees and all other amounts (other than payments of principal) due in respect of the Senior Debt Obligations and scheduled amounts due to a Hedge Counterparty in respect of the Hedging Agreements (other than any Hedge Subordinated Amount);

(g) *seventh*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of the principal amount due in respect of the Senior Debt Obligations and unscheduled amounts (including any Early Termination Amount, as defined in the applicable Hedging Agreement) due to a Hedge Counterparty in respect of the Hedging Agreements (other than any Hedge Subordinated Amount);

(h) *eighth*, *pro rata and pari passu,* in or towards satisfaction of payment of any and all other amounts due to the Finance Parties under the Finance Documents;

(i) *ninth*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of payment of any Tax liabilities of the Security Group;

(j) *tenth*, in or towards satisfaction of any payment due or overdue to the Liquidity Facility Provider under the Liquidity Facility Agreement which arises as a result of the default of the Liquidity Facility Provider;

(k) *eleventh*, *pro rata and pari passu,* in or towards satisfaction of any Hedge Subordinated Amount;

(l) *twelfth*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of any payment due or overdue of interest payable on Third Party Unsecured Financial Indebtedness;

(m) *thirteenth*, *pro rata* and *pari passu* according to the respective amounts thereof, in or towards satisfaction of any payment due or overdue of principal of Third Party Unsecured Financial Indebtedness;

(n) *fourteenth*, in payment of any excess to FinCo or as it shall direct.

Governing Law

The Common Terms Agreement shall be governed by, and shall be construed in accordance with, English Law, other than terms that are particular to Scots law which shall be governed by and construed in accordance with Scots law.

SECURITY TRUST AND INTERCREDITOR DEED

General

The intercreditor arrangements in respect of the Security Group (the "**Intercreditor Arrangements**") are contained in the STID and the Common Terms Agreement. The Intercreditor Arrangements will bind each of the Secured Participants and each of the Obligors.

Each of the Secured Participants shall be a party to the STID. In addition, any Additional Secured Participant will be required to accede to the STID, the Master Definitions Agreement and the Common Terms Agreement.

Unsecured creditors (except for any Subordinated Obligations Participant) will not become parties to the Intercreditor Arrangements and, although ranking behind the Secured Participants in an administration or other enforcement, will have unfettered, independent rights of action in respect of their debts. However, the aggregate amount of unsecured Financial Indebtedness will be restricted under the Common Terms Agreement.

The purpose of the Intercreditor Arrangements is to regulate, among other things (i) the claims of the Secured Participants, (ii) the exercise, acceleration and enforcement of rights by the Secured Participants; (iii) the rights of the Secured Participants to instruct the Obligor Security Trustee; (iv) the Entrenched Rights of the Secured Participants; and (v) the giving of consents and waivers and the making of modifications to the Finance Documents, and in particular the basis on which votes of the Secured Participants will be counted for the purpose of determining whether the Obligor Security Trustee may provide such consent or waiver or approve such modification.

The Intercreditor Arrangements also provide for the ranking in point of payment of the claims of the Secured Participants after delivery of an Obligor Enforcement Notice as described in the Obligor Post-Enforcement Priority of Payments, and for the subordination of all claims of Subordinated Obligations Participants or claims between members of the Security Group. Each Secured Participant (other than the Obligor Security Trustee acting in such capacity) and each Obligor will give certain undertakings in the STID which serve to maintain the integrity of these arrangements.

Secured Participant Representatives

Each Secured Participant or class of Secured Participants shall appoint a Secured Participant Representative to act as its representative in the exercise of all rights (including any Entrenched Right) it may have under the Finance Documents, to receive or deliver all notices on its behalf and to cast all votes on its behalf. The Secured Participant Representative in respect of the Issuer is the Issuer Trustee (voting as directed by the Noteholders in accordance with the terms of the Note Trust Deed).

Any Additional Secured Participant shall appoint a Secured Participant Representative on its accession to the STID, the Master Definitions Agreement and the Common Terms Agreement.

Permitted Subordinated Obligations

The STID provides that no member of the Security Group may (i) pay (including interest), repay, redeem or acquire the Permitted Subordinated Obligations (except to refinance such Permitted Subordinated Obligations with other Permitted Subordinated Obligations) prior to the Senior Discharge Date other than (x) in accordance with the terms of the Common Documents or (y) from amounts standing to the credit of the Restricted Payment Account, or (ii) create any Security Interest, guarantee, indemnity or other assurance against loss in respect of the Permitted Subordinated Obligations in favour of a Subordinated Obligations Participant.

Accession of Additional Secured Participants

The STID requires that, to the extent that an Obligor wishes any person (including, without limitation, any PP Noteholders, Liquidity Facility Provider and the Property Manager (if appointed)) to become a Secured Participant to obtain the benefit of the Obligor Security, such person must sign an Accession Memorandum whereby it agrees to be bound by the terms of the STID, the Master Definitions Agreement and the Common Terms Agreement. No Obligor shall be able to draw under an Authorised Finance Facility of an Additional Secured Participant, and no Additional Secured Participant may become a Secured Participant under the STID, until the Accession Memorandum has been delivered and taken effect, an executed copy of the relevant Authorised Finance Facility and/or any other relevant Finance Document evidencing or regulating the relevant Obligor Secured Liabilities has been delivered and the Secured Participant Representative of such Additional Secured Participant has been confirmed.

Accession of Subordinated Obligations Participants

The STID requires that, to the extent that an Obligor wishes any person to become a Subordinated Obligations Participant, such person must sign an Accession Memorandum whereby it agrees to become bound by the terms of the STID and the Master Definitions Agreement. No person may become a Subordinated Obligations Participant under the STID until the Accession Memorandum has been delivered and taken effect.

Accession of Obligors

Any person wishing or required to become an Obligor shall execute and deliver, to the Obligor Security Trustee, an Accession Memorandum whereby it agrees to be bound by the terms of the STID, the Common Terms Agreement, the Tax Deed of Covenant and Master Definitions Agreement, together with the Obligor Security Accessions and any supporting documentation, and shall provide security over its assets (including any Property it owns). An Obligor may be released from its obligations under the Finance Documents if the provisions of the STID are satisfied.

Trust for the Secured Participants

The STID provides that the Obligor Security Trustee shall hold the Obligor Security (other than the OFCA Floating Security) on trust for each of the Secured Participants for the payment and discharge of the Obligor Secured Liabilities, and shall hold the OFCA Floating Security on trust for the Issuer for the payment and discharge of the OFCA Secured Liabilities.

Modifications, Waivers and Consents

The STID sets out the procedure for requesting any consent, modification or waiver under any Common Documents, which shall be undertaken through a STID Proposal, which shall be delivered by FinCo to the Obligor Security Trustee and to each Secured Participant Representative.

In respect of any STID Proposal constituting an Entrenched Right of any Authorised Loan Facility Providers, the Authorised Loan Facility Agent (as the Secured Participant Representative of the Authorised Loan Facility Providers) shall acknowledge receipt of such STID Proposal to FinCo and the Obligor Security Trustee in writing within 3 Business Days of receipt, failing which FinCo shall use its reasonable endeavours to send the STID Proposal to each Authorised Loan Facility Provider.

Determination of voting category

FinCo shall specify in the STID Proposal, *inter alia*, whether such STID Proposal is in respect of (i) a Discretion Matter, (ii) an Ordinary Voting Matter or (iii) an Extraordinary Voting Matter, and whether or not the STID Proposal gives rise to an Entrenched Right and if so, (in its reasonable opinion) which Secured Participants would be affected by such Entrenched Rights. The STID Proposal will also specify the Decision Period.

The determination made by FinCo in respect of the voting category shall be binding on the Secured Participants unless the Obligor Security Trustee on the instruction of (in respect of a Discretion Matter, an Ordinary Voting Matter or an Extraordinary Voting Matter) the Determination Dissenting Participants or (in respect of an Entrenched Right) the Entrenched Right Dissenting Participants delivers to FinCo a Determination Dissenting Notice or an Entrenched Right Dissenting Notice (as applicable) within 15 Business Days of receipt of the STID Proposal.

Within 5 Business Days of receipt of the Determination Dissenting Notice or the Entrenched Right Dissenting Notice, FinCo and the Determination Dissenting Participants or the Entrenched Right Dissenting Participants (as applicable) shall agree the voting category and/or the Decision Period or whether the STID Proposal gives rise to an Entrenched Right (and the Decision Period shall commence from the date of such agreement), failing which, they shall, within 5 Business Days of receipt of such notice, appoint the Appropriate Expert to so determine (and the Decision Period shall commence from the date of such determination), whose decision shall be final and binding on each party.

If the Obligor Security Trustee is not instructed to serve a Determination Dissenting Notice or an Entrenched Right Dissenting Notice within 15 Business Days of receipt of the relevant STID Proposal, the Obligor Security Trustee and the Qualifying Secured Participants shall be considered to have made a Deemed Agreement. If a Deemed Agreement occurs, the Decision Period shall commence from the expiry of 15 Business Days from the receipt of the relevant STID Proposal by the Obligor Security Trustee.

Discretion Matters

A Discretion Matter is a matter in which the Obligor Security Trustee may exercise its discretion to approve any request made in a STID Proposal without any requirement to seek the approval of any Secured Participant. Any exercise of discretion by the Obligor Security Trustee in respect of a Discretion Matter shall be binding on all of the Secured Participants. A matter cannot be a Discretion Matter if it is an Ordinary Voting Matter, an Extraordinary Voting Matter or is subject to an Entrenched Right.

If a STID Proposal in respect of any modification to, any consent under, or any waiver in respect of any breach or proposed breach of any Common Document is agreed to be a Discretion Matter, the Obligor Security Trustee may make such modification, give such consent or grant such waiver, without the consent of any other Secured Participant, if in the opinion of the Obligor Security Trustee, such modification, consent or waiver:

(a) is required to correct a manifest error or if it is of a formal, minor or technical nature; or

(b) is not materially prejudicial to the interests of any of the Secured Participants (where "materially prejudicial" means that such modification, consent or waiver could reasonably be expected to have a material adverse effect on the ability of any Obligor to perform its payment obligations to the Secured Participants under the Finance Documents).

In respect of (b) above the Obligor Security Trustee is entitled to take a Ratings Affirmation into account in whether to decide that the relevant matter is not materially prejudicial to the interests of the Secured Participants. In this regard, investors should have particular regard to the contents of the risk factor entitled '*The Rating Agency owes no duty or responsibility to the Noteholders in delivery Ratings Affirmation*' in the section of this Prospectus entitled '*Risk Factors*', on page 55.

FinCo shall notify each Secured Participant and each Rating Agency in writing as soon as practicable of such modification, consent or waiver.

If the Obligor Security Trustee chooses not to exercise its discretion in respect of any STID Proposal designated by FinCo as a Discretion Matter, the Obligor Security Trustee shall notify FinCo of the same and FinCo may reissue the STID Proposal in accordance with the STID provided such new STID Proposal refers to a different voting category.

For the avoidance of doubt, any exercise of discretion by the Obligor Security Trustee in respect of a Discretion Matter will be binding on all of the Secured Participants.

Ordinary Voting Matters

If a STID Proposal in respect of any modification to, any consent under, or any waiver in respect of any breach or proposed breach of any Common Document is agreed to be an Ordinary Voting Matter, such modification, consent or waiver shall be passed if:

(a) the initial Quorum Requirement is satisfied during the Decision Period or, if the initial Quorum Requirement is not met in respect of a Decision Period then, following the expiry of such Decision Period, the reduced Quorum Requirement is met during an extended Decision Period of a further 10 Business Days from the expiry of the initial Decision Period (FinCo being required immediately to notify the Obligor Security Trustee and each Secured Participant Representative in writing of such reduction in the initial Quorum Requirement and extension to the Decision Period); and

(b) a resolution of a simple majority of the Voted Qualifying Debt is passed (provided that as soon as the Obligor Security Trustee has received votes amounting to greater than 50 per cent. of all Qualifying Debt from Qualifying Secured Participants, no further votes will be counted by the Obligor Security Trustee or taken into account),

and the Obligor Security Trustee shall notify each Secured Participant accordingly. The relevant Qualifying Secured Participants who did not cast their votes within the Decision Period shall be considered to have waived their entitlement to vote and will not be counted towards satisfying the Quorum Requirement or majority required to approve the relevant STID Proposal (although in certain circumstances, the votes of Qualifying Secured Participants who did not cast their votes within the Decision Period may be 'dragged along' with the votes of the other Qualifying Secured Participants under their relevant Authorised Finance Facility voting in favour of or against the STID Proposal, as more particularly described under the section entitled "*Voting*" on page 161 below).

A STID Proposal in respect of any Ordinary Voting Matter which gives rise to an Entrenched Right will only be implemented, notwithstanding the passing of a resolution of a single majority of the Voted Qualifying Debt, if the relevant Affected Secured Participant has consented or deemed to consent to such STID Proposal, on which it will vote separately described under "*Entrenched Rights*" on page 155 below.

Extraordinary Voting Matters

If a STID Proposal in respect of any modification to, any consent under, or any waiver in respect of any breach or proposed breach of any Common Document is agreed to be an Extraordinary Voting Matter, such modification, consent or waiver shall be passed if:

(a) the initial Quorum Requirement is satisfied during the Decision Period or, if the initial Quorum Requirement is not met in respect of a Decision Period then, following the expiry of such Decision Period, the reduced Quorum Requirement is met during an extended Decision Period of a further 10 Business Days from the expiry of the initial Decision Period (FinCo being required immediately to notify the Obligor Security Trustee and each Secured Participant Representative in writing of such reduction in the initial Quorum Requirement and extension to the Decision Period); and

(b) a resolution of 66.67 per cent. of the outstanding Voted Qualifying Debt is passed (provided that as soon as the Obligor Security Trustee has received votes amounting to at least 66.67 per cent. of all Qualifying Debt from Qualifying Secured Participants, no further votes will be counted by the Obligor Security Trustee or taken into account),

and the Obligor Security Trustee shall notify each Secured Participant accordingly. The relevant Qualifying Secured Participants who did not cast their votes within the Decision Period shall be considered to have waived their entitlement to vote and will not be counted towards satisfying the Quorum Requirement or majority required to approve the relevant STID Proposal (although in certain circumstances, the votes of Qualifying Secured Participants who did not cast their votes within the Decision Period may be 'dragged along' with the votes of the other Qualifying Secured Participants under their relevant Authorised Finance Facility voting in favour of or against the STID Proposal, as more particularly described under the section entitled "*Voting*" on page 161 below).

A STID Proposal in respect of any Extraordinary Voting Matter which gives rise to an Entrenched Right will only be implemented, notwithstanding the passing of a resolution of 66.67 per cent. of the outstanding Voted Qualifying Debt, if the relevant Affected Secured Participant has consented or deemed to consent to such STID Proposal, on which it will vote separately under "*Entrenched Rights*" below.

Entrenched Rights

If a STID Proposal in respect of any modification to, any consent under, or any waiver in respect of any breach or proposed breach of any Common Document is agreed to be an Entrenched Right, such modification, consent or waiver shall be passed if the Secured Participant Representative on behalf of each Affected Secured Participant has confirmed to the Obligor Security Trustee its approval of the relevant modification, consent or waiver.

The voting requirements in respect of an Entrenched Right shall be set out for each Affected Secured Participant which is an Authorised Finance Provider in the relevant Authorised Finance Facility applicable to such Affected Secured Participant (and in relation to an Entrenched Right in respect of which the Issuer is an Affected Secured Participant, in the Issuer Documents (including the Note Trust Deed)). Approval for the Entrenched Right must be passed in accordance with, and subject to, the terms of the relevant Authorised Finance Facility. In the case of an Entrenched Right in respect of which any Hedge Counterparty or Hedge Counterparties is or are the Affected Secured Participant or Affected Secured Participants, each such Hedge Counterparty acting individually shall confirm to the Obligor Security Trustee its approval (or otherwise thereof), subject always to the provision on deemed consent in the STID.

In respect of an Entrenched Right other than an Entrenched Right of the Issuer, if the Decision Period expires without the Secured Participant Representative on behalf of each Affected Secured Participant giving confirmation of its approval, FinCo shall immediately send a STID Voting Request Reminder to the Obligor Security Trustee and the relevant Affected Secured Participant (through its or their Secured Participant Representative) requesting such Affected Secured Participant(s) acting through its or their Secured Participant Representative to confirm whether or not it wishes to consent to the relevant STID Proposal that gives rise to the Entrenched Right within the Extended Decision Period. There shall be no Extended Decision Period for any Affected Secured Participant for an Entrenched Right in respect of which the Issuer is the, or one of the, Affected Secured Participant(s).

Where the Secured Participant Representative on behalf of the relevant Affected Secured Participant fails to respond to (where there is an Extended Decision Period) the STID Voting Request Reminder on or before the end of the Extended Decision Period or (where no Extended Decision Period is applicable) the STID Voting Request on or before the end of the Decision Period, it shall be deemed to have consented to the relevant STID Proposal unless the relevant Entrenched Right is in relation to a matter which requires the consent of all the relevant Authorised Loan Facility Providers under the relevant Authorised Loan Facility Agreement which is the subject of the Entrenched Right.

In respect of an Entrenched Right in respect of which the Authorised Loan Facility Providers are the Affected Secured Participant(s), no deemed consent shall occur unless FinCo has received an acknowledgement of receipt of the relevant STID Proposal from the Authorised Loan Facility Agent, or failing which, has used its reasonable endeavours to send the STID Proposal to each Authorised Loan Facility Provider.

Noteholders shall vote in relation to Entrenched Rights of the Issuer through the Issuer Trustee (in its capacity as Secured Participant Representative of the Issuer). In relation to any ICL Loan, the Affected Secured Participant will be the Issuer and the Secured Participant Representative shall be the Issuer Trustee (and shall vote as directed by the Noteholders in accordance with the Note Trust Deed and other Issuer Documents), to whom the Issuer has granted Security Interests over its interests in each ICL Loan pursuant to the Issuer Deed of Charge.

Reserved Matters

Each party to any of the Finance Documents which are not Common Documents may agree to any modification to, give its consent under or grant any waiver in respect of any matter under that Non-Common Document without the consent of any other party provided that such modification, consent or waiver is made in accordance with the terms of such Non-Common Documents and, provided that if such modification, consent or waiver is inconsistent with any provisions of the Common Documents, the relevant provision of the Common Documents shall prevail (and, if for the avoidance of doubt, the Obligor Security Trustee shall not be required to make such determination).

Reserved Matters shall include, without limitation, in respect of any Secured Participant, the right to (i) receive any sums owing to it for its own account in relation to any Authorised Finance Facility to which it is a party as permitted pursuant to the terms of the Common Terms Agreement and the STID, (ii) make determination of payments due and payable to it under the provisions of the Authorised Finance Facilities to which it is a party as permitted pursuant to the terms of the Common Terms Agreement and the STID, (iii) receive notices, certificates, communications or other documents or information under the Finance Documents or otherwise, (iv) assign its rights or transfer any of its rights and obligations under any Authorised Finance Facility to which it is a party subject to the terms of the STID, (v) in the case of each Hedge Counterparty, (x) terminate the relevant Hedging Agreement or to terminate the relevant Hedging Agreement in part and amend the terms of the Hedging Agreement to reflect such partial termination or (y) exercise rights permitted to be exercised by it under a Hedging Agreement and (vi) amend the terms of the Authorised Finance Facility of such Secured Participant.

Consents of the Obligor Security Trustee in respect of Authorised Finance Facilities

The Obligor Security Trustee will agree if instructed in writing by the requisite majority of Authorised Finance Providers (through their Secured Participant Representative) party to the relevant Authorised Finance Facility and if indemnified and/or secured and/or prefunded to any proposed amendment, modification or waiver to such Authorised Finance Facility provided that (i) the Secured Participant Representative of the relevant Authorised Finance Providers confirms to the Obligor Security Trustee that the requisite majority of the relevant Authorised Finance Provider(s) party to the relevant Finance Document have agreed to such amendment, modification or waiver; (ii) such amendment, modification or waiver does not contravene any provision of the Common Documents (as certified in writing to the Obligor Security Trustee by FinCo); and (iii) such amendment, modification or waiver does not impose any additional obligations on or diminish the rights of the Obligor Security Trustee.

Enforcement

(a) The Obligor Security Documents provide that the Obligor Security will become enforceable following the delivery of an Obligor Enforcement Notice or, in respect of the OFCA Floating Security only, following the occurrence of an Administrative Event.

(b) At any time at which the Obligor Security Trustee has notice of the occurrence of an Obligor Event of Default in respect of which it has not been notified that such Obligor Event of Default has ceased to continue, or following receipt by the Obligor Security Trustee of an Instruction Notice, it shall promptly request by notice (an "**Enforcement Instruction Notice**") an instruction from the Qualifying Secured Participants (through their Secured Participant Representatives) as to whether the Obligor Security Trustee should deliver an Obligor Enforcement Notice to enforce all or any part of the Obligor Security or take any other kind of Enforcement Action or that such Enforcement Period should end.

(c) If:

(i) the relevant Quorum Requirement is satisfied and the Obligor Security Trustee is instructed to deliver an Obligor Enforcement Notice by the relevant majority (as set out in the table below); and

(ii) an Obligor Event of Default has occurred and is continuing,

the Obligor Security Trustee shall deliver an Obligor Enforcement Notice (provided that it is indemnified and/or secured and/or pre-funded to its satisfaction), following which the whole of the Obligor Security shall become enforceable and no amounts may be withdrawn from each Obligor Account other than with the prior written consent of the Obligor Security Trustee or a Receiver.

(d) Following the delivery of an Obligor Enforcement Notice, the Obligor Security Trustee may (or shall if so directed by an Instruction Notice), in each case on each occasion prior to taking any further Enforcement Action, promptly request an instruction (a "Further Enforcement Instruction Notice") from the Qualifying Secured Participants (through their Secured Participant Representatives) as to whether the Obligor Security Trustee should take any further Enforcement Action or that such Enforcement Period should end. For the avoidance of any doubt, on each and every occasion prior to the taking of any further Enforcement Action during an Enforcement Period, the Obligor Security Trustee will seek the instructions of the Qualifying Secured Participants pursuant to this paragraph.

(e) Any monies received or recovered by the Obligor Security Trustee or any Receiver following delivery of an Obligor Enforcement Notice, pursuant to any Enforcement Action, shall be applied by or on behalf of the Obligor Security Trustee in accordance with the Obligor Post-Enforcement Priority of Payments, other than:

(i) any Excess Hedge Collateral (which shall be returned to the relevant Hedge Counterparty);

(ii) any amount standing to the credit of the Liquidity Account from any Standby Drawing under a Liquidity Facility (which shall be returned to the relevant Liquidity Facility Provider);

(iii) any amounts standing to the credit of the Defeasance Account, which shall be applied in repayment on a *pro rata* and *pari passu* basis of, first, accrued but unpaid interest and, second, the principal amount outstanding of the outstanding ICL Loans and the associated Tranches of Notes; and

(iv) any amount standing to the credit of the Restricted Payment Account, which shall be paid to such account of a Non-Restricted Group Entity as FinCo may direct.

The Obligor Deed of Charge Floating Security shall be deferred in point of priority to all fixed security validly and effectively created under the Obligor Deed of Charge. The Obligor Deed of Charge Floating Security shall rank equally in point of priority with the OFCA Floating Security and neither of them shall have priority over the other.

Distressed Disposals

The STID will contain provisions relating to the disposal of an Obligor, or of an asset of an Obligor, following (or pursuant to) the enforcement of the Obligor Security, or following the taking of Enforcement Action but prior to the enforcement of the Obligor Security, pursuant to which the Secured Participants, the Subordinated Obligation Participants and the other parties to the STID irrevocably authorise the Obligor Security Trustee, amongst other things, to release the Obligor Security or any other claim over such asset, and/or to release the relevant Obligor from all or any part of its Obligor Secured Liabilities or Permitted Subordinated Obligations, in order to facilitate the disposal. The STID provides that any proceeds of such disposal will continue to be applied in accordance with the applicable Priorities of Payments.

Qualifying Secured Participants direction of the Obligor Security Trustee

Any Qualifying Secured Participant may direct the Obligor Security Trustee to exercise any of the rights which are granted to the Obligor Security Trustee under the Common Documents if it (by itself or together with any other Qualifying Secured Participant) has at least 10 per cent. of the aggregate Outstanding Principal Amount of all Qualifying Debt, by giving notice (an "**Instruction Notice**") to the Obligor Security Trustee, subject to any express requirements set out in the Common Documents as to specified percentages required to exercise a specific right (including, without limitation, the right to instruct the Obligor Security Trustee to take any Enforcement Action), and subject also to any Entrenched Rights.

If, in respect of any matter which is not the subject of a STID Proposal, an Enforcement Instruction Notice a Further Enforcement Instruction Notice or an Instruction Notice, the Obligor Security Trustee requires an instruction or consent from the Qualifying Secured Participants as to whether it should agree to a consent, waiver or modification or exercise a right or discretion or make a determination under the Finance Documents, it may by delivery of a Direction Notice request such instruction or consent. The Qualifying Secured Participants may, on receipt of such Direction Notice, provided that the Quorum Requirement is satisfied, direct the Obligor Security Trustee by a simply majority of the Voted Qualifying Debt.

Quorum Requirements, Voting Requirements and Decision Periods for STID Proposals

For each of the STID Matters described above, a summary of the Quorum Requirement, the voting requirement and the Decision Periods are set out the table below.

In the case of any Ordinary Voting Matter, any Extraordinary Voting Matter, any Enforcement Instruction Notice or any Further Enforcement Instruction Notice, as soon as the Obligor Security Trustee has received sufficient votes in favour of such STID Matters from the Qualifying Secured Participants to satisfy the voting requirement below, no further votes shall be counted by the Obligor Security Trustee or taken into account notwithstanding that the Obligor Security Trustee has yet to receive votes from all Qualifying Secured Participants in respect of the relevant Qualifying Debt.

	Voting Requirement[3]	**Quorum Requirement**[4]	**Minimum Decision Period**[5]
Ordinary Voting Matter	Simple Majority	20% (or in respect of an extended Decision Period, 10%)	Not less than 15 Business Days
Extraordinary Voting Matter	At least 66.67%	20% (or in respect of an extended Decision Period, 10%)	Not less than 15 Business Days
Entrenched Right of Authorised Loan Facility Providers	As set out in the relevant Authorised Loan Facility.	As set out in the relevant Authorised Loan Facility	Not less than 15 Business Days (although where

3 Expressed as a percentage of the Voted Qualifying Debt.

4 The Quorum Requirement means one or more Qualifying Secured Participants representing, in aggregate, the stated percentage of the Outstanding Principal Amount of the Qualifying Debt.

5 The Decision Period shall commence (i) in respect of an Ordinary Voting Matter or Extraordinary Voting Matter or Entrenched Right, from the expiry of 15 Business Days from the receipt of the relevant STID Proposal by the Obligor Security Trustee (unless the contents of a STID Proposal are subject to challenge through a Determination Dissenting Notice or an Entrenched Right Dissenting Notice, in which case the Decision Period will commence on the date that agreement or resolution is reached in relation to such challenge), (ii) in respect of Enforcement Instructions Notice/Further Enforcement Instructions Notice, on the date of delivery of such Enforcement Instructions Notice/Further Enforcement Instructions Notice and (iii) in respect of a Direction Notice, on the date of delivery of such Direction Notice.

	Voting Requirement[3]	Quorum Requirement[4]	Minimum Decision Period[5]
	Pursuant to the relevant Authorised Loan Facility, decisions under the relevant Authorised Loan Facility, including as to whether to approve or reject an Entrenched Right, will be taken by a majority of lenders of 66.67% of the total commitments, provided that a decision to approve a modification to a category of certain key terms of the relevant Authorised Loan Facility (such as, for example, a change to the margin or other amount due for payment) or an Entrenched Right of the Authorised Loan Facility Providers which would have the effect of modifying such a category of key terms will only be made if all of the lenders under that Authorised Loan Facility, unanimously, agree		an Entrenched Right of the Issuer is also affected, the Decision Period is extended to the same length as that applicable to the Issuer and the corresponding Noteholders (see immediately below))
Entrenched Right of the Issuer	A Noteholder Extraordinary Resolution, being 75%	50% (or, where such Entrenched Right of the Issuer would result in a consequential change, being a Basic Terms Modification,	Not less than 50 days

	Voting Requirement[3]	Quorum Requirement[4]	Minimum Decision Period[5]
		being required to be made under an Issuer Document, 75%)	
Enforcement Instructions Notice/Further Enforcement Instructions Notice if delivered prior to 12 months from the date of the occurrence of Obligor Event of Default[6]	At least 66.67%	40%	Not less than 15 Business Days
Enforcement Instructions Notice/Further Enforcement Instructions Notice if delivered after 12 months from the date of the occurrence of Obligor Event of Default[7]	At least 66.67%	25%	Not less than 15 Business Days
Direction Notice	At least 50%	One or more Qualifying Secured Participants	Not less than 15 Business Days

6 Notwithstanding that the end of the Decision Period in respect of such Enforcement Instruction Notice or Further Enforcement Instruction Notice may fall on or after 6 months from the date of the occurrence of the Obligor Event of Default.

7 Notwithstanding that the end of the Decision Period in respect of such Enforcement Instruction Notice or Further Enforcement Instruction Notice may fall on or after 12 months from the date of the occurrence of the Obligor Event of Default.

Voting

The STID contains detailed provisions setting out the voting mechanics in respect of any STID Matter. Following receipt of any STID Matter, the Obligor Security Trustee shall (by no later than the Business Day following the date of receipt of such STID Matter) send a STID Voting Request to each Secured Participant, which shall, *inter alia*, request a vote from each relevant Qualifying Secured Participant. In respect of any STID Matter, the voting shall occur in accordance with the following terms:

(a) in respect of any Authorised Loan Facility, the votes will be determined on a "pound-for-pound" basis, such that the Authorised Loan Facility Agent (as Secured Participant Representative) shall vote (a) for the STID Matter in an amount equal to the aggregate Outstanding Principal Amount of such Authorised Loan Facility which voted for the STID Matter and (b) against the STID Matter in an amount equal to the aggregate Outstanding Principal Amount of such Authorised Loan Facility which voted against the STID Matter. However:

  (i) if 66.67 per cent. or more of the Outstanding Principal Amount of such Authorised Loan Facility voted in the same way (either for or against the relevant STID Matter); or

  (ii) in respect of a STID Proposal which is the subject of Entrenched Rights of the Authorised Loan Facility Providers (with the relevant vote being undertaken in accordance with the terms of the relevant Authorised Loan Facility, as summarised in the table set out on page 158 under the column "*Voting Requirement*"),

(b) the Authorised Loan Facility Agent shall not vote on a "pound-for-pound" basis, and instead shall vote the entire Outstanding Principal Amount in that way for the purposes of both the Quorum Requirements and Majority Requirements;

(c) in respect of any PP Notes, by the PP Noteholder in an amount equal to the Outstanding Principal Amount of such PP Notes either for or against the STID Matter;

(d) in respect of a STID Matter which is not the subject of Entrenched Rights of the Issuer, the votes will be determined on a "pound-for-pound" basis, such that the Issuer Trustee (as Secured Participant Representative of the Issuer voting as directed by Noteholders of the corresponding Tranche of Notes) shall vote (a) for the STID Matter in an amount equal to the aggregate Outstanding Principal Amount of each corresponding Note which voted for the STID Matter and (b) against the STID Matter in an amount equal to the aggregate Outstanding Principal Amount of each corresponding Note which voted against the STID Matter. However, the Issuer Trustee shall not vote on a "pound-for-pound" basis if:

  (i) in respect of a Tranche of Notes:

    (A) 25% or more of the Outstanding Principal Amount of such Tranche of Notes voted directly through the STID Direct Voting Mechanic; and

    (B) 75% or more of the Outstanding Principal Amount of the Tranche of Notes which so voted, voted the same way,

  in which case, the entire Outstanding Principal Amount of such Tranche of Notes will count as having voted in such way both in respect of Quorum Requirements and Majority Requirements;

  (ii) if, in respect of a Tranche of Notes:

    (A) 25% or more of the Outstanding Principal Amount of such Tranche of Notes voted directly through the STID Direct Voting Mechanic; but

(B) less than 75% of the Outstanding Principal Amount of the Tranche of Notes which so voted, voted the same way,

then the entire Outstanding Principal Amount of such Tranche of Notes will count for the purposes of Quorum Requirements (but not Majority Requirements, for which they will count on a pound for pound basis either for or against the STID Matter according to their vote);

(e) in respect of an ICL Loan and the corresponding Tranche of Notes and a STID Matter which gives rise to an Entrenched Right of the Issuer, the entire Outstanding Principal Amount of such Tranche of Notes will count either for or against the STID Matter according to the outcome of the Noteholders' meeting called for such purpose;

(f) for the avoidance of doubt, in respect of an ICL Loan and the Issuer's rights as a Secured Participant, the Secured Participant is the Issuer and the Secured Participant Representative of the Issuer is the Issuer Trustee (voting as directed by the Noteholders of the corresponding Tranche of Notes), as the Issuer has secured its rights under each ICL Loan and the Intercompany Loan Agreement in favour of the Issuer Trustee pursuant to the Issuer Deed of Charge and the Issuer shall not vote in respect of any STID Matter.

(g) in respect of a Hedging Agreement (in the circumstances in which a Hedge Counterparty constitutes a Qualifying Secured Participant), by the Hedge Counterparty in an amount equal to the Outstanding Principal Amount of such Hedging Agreement either for or against the STID Matter; and

(h) in respect of any other Authorised Finance Facility, by the Secured Participant Representative in respect of such Authorised Finance Facility, in an amount equal to all the Outstanding Principal Amount of such Authorised Finance Facility either for or against the STID Matter.

Noteholder Voting

In respect of a STID Matter which is not the subject of an Entrenched Right in respect of which the Issuer is the Affected Secured Participant, the Issuer Trustee shall not be entitled to convene a meeting of any Series or Tranche of Notes to consider any STID Matter to be voted on by the Qualifying Secured Participants. In such circumstances each Noteholder in respect of the relevant Notes shall each be entitled to vote on the proposed STID Matter within the specified Decision Period directly through the STID Direct Voting Mechanic.

Pursuant to the STID Direct Voting Mechanic, the Principal Paying Agent (in respect of Bearer Notes) or the Registrar (in respect of Registered Notes) will collect the votes cast by such Noteholders and will complete block voting instructions (which will be the only method of voting in respect of such matters) and will notify the Issuer Trustee and the Issuer accordingly. The Issuer Trustee shall then vote in accordance with paragraph (d) set out in the section entitled "*Voting*" on page 161 above.

In respect of any STID Matter arising which is the subject of an Entrenched Right of a Series of Noteholders, the Issuer Trustee will be entitled to convene a meeting of any Series of Notes to consider any such STID Matter, subject to the Issuer Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. In such circumstances, the Decision Period shall be for a period of 50 days following the delivery of the STID Proposal and, for the avoidance of doubt, there shall not be any extension of such Decision Period.

In the case of any STID Matter requiring the votes of the Noteholders, the Issuer Trustee undertakes to notify Noteholders of such STID Proposal, and/or to convene a meeting of Noteholders (in the circumstances in which that is permitted or required under the terms of the STID) in sufficient time for the Noteholders to vote on the relevant matter within the time periods required by the STID.

Voting by Non-Restricted Group Entity

Any Qualifying Debt or any Notes held by or on behalf of any Non-Restricted Group Entity shall not be entitled to vote in relation to any matter and such Qualifying Debt or Notes shall be deemed not to be outstanding for the purposes of determining the quorum and voting thresholds. FinCo is required to certify to the Obligor Security Trustee within 5 Business Days of request the names of Non-Restricted Group Entities and the Outstanding Principal Amount of any Qualifying Debt or Notes held by any Non-Restricted Group Entity.

Disenfranchisement of other Qualifying Debt from Voting

In addition to the disenfranchisement of any Non-Restricted Group Entity in respect of any Notes held by or on behalf of it, as described immediately above under *'Voting by Non-Restricted Group Entity',* when ascertaining which Qualifying Debt is outstanding for the purposes of voting in relation to any STID Matter (and for this purpose, Qualifying Debt shall include, without double counting, the Notes corresponding to the ICL Loans), there will be discounted, *inter alia,* any Qualifying Debt which has been repaid or (in the case of the Notes) redeemed in full or purchased, and cancelled, any Qualifying Debt in respect of which the date for repayment or redemption in full has occurred and the repayment/redemption monies for which (including all interest payable thereon) have been duly paid to the relevant Secured Participants in accordance with the relevant Finance Document and, where applicable, remain available for payment against presentation of the relevant Notes and/or Coupons, any Qualifying Debt which has become void or, in respect of which claims have become prescribed in each case, and, for the purposes of ascertaining the right to attend and vote at any meeting of the Qualifying Secured Participants, the determination of how much and which of the Qualifying Debt is for the time being outstanding for the purposes of the STID, any discretion, power or authority contained in the STID (or arising by operation of law) which the Obligor Security Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of any of the Qualifying Secured Participants, the determination by the Issuer Trustee whether any of the events specified in Condition 11 (*Issuer Events of Default*) is materially prejudicial to the interests of the holders of the Notes then outstanding, and the right to attend and vote at any meeting of the Noteholders, any Qualifying Debt which, for the time being, is held by any member of the Security Group or the Issuer, or by any person for the benefit of any member of the Security Group or the Issuer shall (unless and until ceasing to be so held) be deemed not to remain outstanding and shall be disregarded.

Governing Law

The STID will be governed by English Law.

OBLIGOR CASH MANAGEMENT AGREEMENT

General

The Obligor Cash Management Agreement will require FinCo to maintain the following accounts with the Obligor Account Bank either from the Initial Issue Date or from time to time, as noted (in the latter case) immediately below the following list:

(a) FinCo Collections Account;

(b) Rent and General Account;

(c) Debt Service Account;

(d) Liquidity Account;

(e) Disposal/Withdrawal Deposit Account;

(f) Deposit/Cure Account;

(g) Prepayments Account;

(h) Insurance Proceeds Account;

(i) Development Account;

(j) Tax Reserve Account;

(k) Defeasance Account;

(l) Restricted Payment Account.

The Obligor Cash Management Agreement will require each PropCo (individually or jointly) to open and/or maintain the following accounts with the Obligor Account Bank in respect of each Property:

(a) a Collections Account;

(b) a Tenant Deposit Account; and

(c) an Opex Account.

FinCo may also, if required, open and maintain one or more Hedge Collateral Accounts into which any Hedge Collateral provided by a Hedge Counterparty or guarantor in accordance with the provisions of the relevant Hedging Agreement shall be deposited. Any amount standing to the credit of the Hedge Collateral Accounts (including the proceeds of liquidation or sale of any Hedge Collateral deposited therein) shall be used in accordance with the terms of the Obligor Cash Management Agreement.

Each of the above accounts, together with any other bank account as may be designated as such by FinCo and the Obligor Security Trustee, are collectively referred to as the "Obligor Accounts".

Each Obligor shall maintain the Obligor Accounts with the Obligor Account Bank, and the Obligor Cash Manager shall operate such Obligor Accounts in accordance with the Obligor Cash Management Agreement, the STID, the Obligor Account Bank Agreement, the Obligor Security Documents and the applicable Mandates.

Each of the Obligor Accounts will be maintained with the Obligor Account Bank pursuant to the Obligor Account Bank Agreement dated on or about the Initial Issue Date. The Obligor Cash Manager shall provide certain cash management services to FinCo and each PropCo, which shall include, without limitation, determining the funds available to FinCo or the relevant PropCo to make payments due to be made by FinCo under the applicable Priorities of Payments or otherwise under the Finance Documents, to maintain records of all payments into and out of each Obligor Account for a length of time deemed by it in its discretion to be reasonable and appropriate in relation to the services performed by it and to make the payments into and out of each Obligor Account as described below.

If a notice of termination is given to the Obligor Cash Manager or the Obligor Cash Manager gives notice of its resignation, FinCo shall appoint a Substitute Obligor Cash Manager as soon as reasonably possible, subject to, *inter alia*, receipt of a Ratings Affirmation and written notification by the Obligor Cash Manager or (in the case of a termination of the Obligor Cash Manager's appointment) FinCo to the Obligor Security Trustee and Obligor Account Bank at least 30 days prior to such appointment, provided that such Substitute Obligor Cash Manager (i) has experience of managing cashflows similar to the cashflows being administered by the Obligor Cash Manager under the Obligor Cash Management Agreement or be able to demonstrate that it has the capability to do so, (ii) has all necessary licences, approvals, authorisations and consents, (iii) agrees to act as Obligor Cash Manager in return for a rate of remuneration which does not exceed the rate then commonly charged by providers of services similar to the services provided under the Obligor Cash Management Services and (iv) agrees to be bound by the terms of this Agreement, the Obligor Security Documents, the Obligor

Account Bank Agreement, the Common Terms Agreement and the STID (by way of an Accession Memorandum).

Each Obligor will agree in the Common Terms Agreement to comply with the Obligor Account Bank Agreement and the Obligor Cash Management Agreement.

Collections Accounts

The Income received by each PropCo from Tenants (other than any Tenant security deposits paid into the Tenant Deposit Accounts) shall be paid into the relevant Collections Account of that PropCo. Within five Business Days of the receipt of such Income into a Collections Account, the Obligor Cash Manager shall instruct the Obligor Account Bank to transfer the balance of the relevant Collections Account at that time to the FinCo Collections Account, provided that such amounts to be transferred are more than GBP 1,000,000 on that Business Day.

Any amounts which are returned to the Collections Accounts from the FinCo Collections Account shall be returned to the relevant Tenant.

FinCo Collections Account

The Obligor Cash Manager shall ensure that all amounts of Income received into each Collections Account shall be paid into the FinCo Collections Account. Following such payment, the Obligor Cash Manager shall determine whether any payment made by a Tenant to a PropCo was incorrectly credited to that PropCo's Collections Account. Following the expiry of the time required to make such determination, which shall be no later than 3 Business Days of the receipt thereof into the FinCo Collections Account (or, if sooner, by no later than the Business Day prior to the next Trap Date), subject only to the retention of any amounts which Good Industry Practice dictates should be retained for a longer period for further investigation by the Obligor Cash Manager, any such amounts determined to have been incorrectly credited shall be transferred back to the relevant Collections Account.

The balance of the FinCo Collections Account shall be transferred to the Rent and General Account, provided that such amounts to be transferred are more than GBP 1,000,000 on that Business Day.

Rent and General Account

The Rent and General Account shall be the principal current account of FinCo through which all amounts payable by FinCo shall be cleared (including any amounts payable by FinCo pursuant to the Intercompany Loan Agreement and other Permitted Financial Indebtedness of FinCo). Amounts standing to the credit of the Rent and General Account shall only be used to make payments in accordance with the applicable Priorities of Payments.

The Rent and General Account shall be funded through (i) payments of Income transferred from the FinCo Collections Account, (ii) the net proceeds of drawings of any Authorised Finance Facility and any other drawings of any other Financial Indebtedness (other than as drawn to (x) fund any permitted Developments or (y) repay in full any existing Authorised Finance Facility), (iii) any amounts of interest received from Eligible Investments or interest accrued on amounts standing to the credit of the Rent and General Account, (iv) any amount payable from any proceeds from an insurance claim relating to reinstatement value paid out under any insurance policy in the name of a PropCo not exceeding £1,000,000 (subject to Indexation) and/or loss of rental income, (v) any amount payable from Tenant Deposit Accounts in respect of any unpaid rent, Service Charges or other amounts due but unpaid by the relevant Tenant, (vi) any payments received from any Hedge Counterparty (other than any Hedge Collateral and other than any amounts paid by the Hedge Counterparty into the Debt Service Account), (vii) the proceeds of the drawing of any Permitted Other Debt Obligations (save to the extent permitted to be deposited into any other Obligor Accounts in accordance with the Obligor

Cash Management Agreement) by any company within the Security Group, (viii) any amount paid into the Rent and General Account in accordance with the Tax Deed of Covenant, (ix) any Prohibited Amounts, (x) any other amount expressly provided under any Finance Document to be credited or transferred to the Rent and General Account and (xi) any other amounts as may be designated by FinCo as moneys to be held in the Rent and General Account. Following the discharge in full of all Obligor Secured Liabilities, amounts standing to the credit of certain other accounts shall be transferred to the Rent and General Account.

In addition, any interest earned or amounts received in respect of any Eligible Investments invested in funds withdrawn from the Debt Service Account, Liquidity Account, Disposal/Withdrawal Deposit Account, Development Account, Tenant Deposit Accounts, Prepayments Account, Insurance Proceeds Account, Defeasance Account and Tax Reserve Account are required to be transferred from such Obligor Accounts to the Rent and General Account from time to time.

Opex Accounts

Each Opex Account shall be funded in accordance with item (a) of the Obligor Pre-Enforcement Priority of Payments, pursuant to which amounts from the Rent and General Account shall be transferred to the relevant Opex Account.

The relevant PropCo or the relevant Property Administrator (in its capacity as property administrator of the relevant Property) may withdraw funds from the relevant Opex Account on any Business Day to meet the Operating Expenses payable by that PropCo (or payable by the relevant Property Administrator, in its capacity as property administrator of the relevant Property) and to pay to HMRC any amounts in respect of VAT received from the Tenants due to HMRC.

Tenant Deposit Accounts

All security deposits paid by Tenants to each PropCo, all interest earned on the Tenant Deposit Accounts and any income received in respect of any Eligible Investments invested in using funds withdrawn from the Tenant Deposit Accounts shall be credited to the relevant Tenant Deposit Account of that PropCo. Where a Tenant has not paid any rent, Service Charge or other amounts due to the relevant PropCo, an amount equal to such unpaid amount shall be deducted from the security deposit of such Tenant and transferred to the Rent and General Account in lieu of such unpaid amount. Following the irrevocable discharge in full of all of the obligations of the Tenant under the relevant Lease, the balance of the security deposit of that Tenant shall be returned to the Tenant in accordance with the terms of the relevant Lease.

Development Account

Amounts standing to the credit of the Development Account shall be used to (i) fund capital expenditure for maintenance and upkeep of the Properties and (ii) fund the capital expenditure required in carrying out any Development permitted under the Finance Documents and for other capital expenditure in relation to the maintenance and upkeep of the Properties.

The Development Account shall be funded by (i) all amounts of Financial Indebtedness raised by FinCo to finance a Development permitted under the Finance Documents, (ii) by transfer from the Opex Accounts, all amounts required in accordance with the relevant Property Administrator's forecast capital maintenance expenditure in relation to each Property projected for the next 12 month period, following delivery by the Property Administrator of a statement to the Obligor Cash Manager setting out in detail such forecasts, (iii) any other amount expressly provided under any Finance Document to be credited or transferred to the Development Account, (iv) any interest earned on the Development Account, and (v) any income received in respect of any Eligible Investment invested in using funds withdrawn from the Development Account.

If any amount of Financial Indebtedness has been incurred for a specified Development and, following the completion of such Development, an amount allocated for such Development is standing to the credit of the

Development Account, FinCo may apply such amount at its discretion, including in the prepayment of the relevant Financial Indebtedness incurred or the transfer of such amount to the Restricted Payment Account.

Disposal/Withdrawal Deposit Account

The Disposal/Withdrawal Deposit Account shall be funded by (i) any amounts required to be paid as deposits in relation to any (A) Permitted Disposals or (B) Permitted Withdrawals in each case as part of a Transaction Series being tested on a Net Basis pursuant to the Common Terms Agreement, together with (ii) any amount deposited pursuant to paragraph (d) of the Hedging Covenant following the completion of a Permitted Disposal to reserve and make provision from the Net Disposal Proceeds thereof for FinCo's reasonable estimate of any amounts payable to any Hedge Counterparty under any Hedging Agreement in relation to the partial or complete termination thereof in order to comply with the Overhedging Limit, (iii) any other amounts provided under the Finance Documents to be credited or transferred to the Disposal/Withdrawal Deposit Account, and (iv) any interest earned on the Disposal/Withdrawal Deposit Account and any income received in respect of any Eligible Investments invested in using funds withdrawn from the Disposal/Withdrawal Deposit Account.

Amounts standing to the credit of the Disposal/Withdrawal Deposit Account shall (i) in respect of any amounts deposited into the Disposal/Withdrawal Deposit Account from the proceeds of the disposal of the Victoria Centre Disposal as described in paragraph (c) of the section "*Common Terms Agreement – General Covenants – Disposals*" on page 121 above, be applied as described in such section, (ii) in respect of any amount deposited into the Disposal/Withdrawal Deposit Account from a Permitted Disposal or Withdrawal as part of a Transaction Series as described above, be (x) applied to or towards the completion of any Proposed Additional Transaction forming part of the relevant Transaction Series in accordance with the Common Terms Agreement, (y) transferred to the Prepayments Account to the extent that such amount is required to be applied to or towards the prepayment of Senior Debt Obligations pursuant to the Common Terms Agreement, or (z) after the earlier of (A) the date of completion of the last Proposed Additional Transaction in the Transaction Series, (B) the last day of the Net Basis Testing Period in relation to the Transaction Series or (C) the date upon which FinCo gives notice that it considers it will be unable to complete the Transaction Series, in respect of any amount thereof not utilised in the prepayment of Senior Debt Obligations, be released and transferred to the Restricted Payment Account for application by FinCo at its sole discretion, (iii) in respect of any amount deposited into the Disposal/Withdrawal Deposit Account in accordance with paragraph item (ii) above, at any time during the period during which FinCo is permitted to take action to address its non-compliance with the Overhedging Limit, to or towards the payment of any Early Termination Amount (as defined in the applicable Hedging Agreement) under any Hedging Agreement in respect of any partial or complete termination thereof; and (iv) to make payment from or transfer of the amounts standing to the credit thereof in any other manner expressly provided for under the Finance Documents.

Liquidity Account

If the T2 Covenant Regime or the T3 Covenant Regime is applicable and FinCo is required to set aside the Liquidity Reserve Required Amount in accordance with the terms of the Common Terms Agreement, the Liquidity Account shall be credited with (i) each drawing under any Liquidity Facility (if applicable), (ii) any amounts transferred to the Liquidity Account pursuant to the Obligor Pre-Enforcement Priority of Payments, (iii) the proceeds of drawing any Permitted Other Debt Obligation or any transfer from the Restricted Payment Account in each case provided that the aggregate of (i), (ii) and (iii) does not exceed the then-applicable Liquidity Reserve Required Amount), (iv) any other amount provided under the Finance Documents to be credited or transferred to the Liquidity Account, (v) any interest earned on the Liquidity Account and (vi) any income received in respect of any Eligible Investments invested in using funds withdrawn from the Liquidity Account.

No later than the Business Day prior to each Business Day in respect of which the Obligor Cash Manager has determined that there will be a Liquidity Shortfall, an amount equal to such Liquidity Shortfall shall be transferred to the Rent and General Account or to the Debt Service Account (as the case may be) to meet payments due in respect of such Liquidity Shortfall.

Any amounts standing to the credit of the Liquidity Account in excess of the then-applicable Liquidity Reserve Required Amount shall be transferred on any Business Day to the Rent and General Account. Where any amounts from a drawing or funding made under a Liquidity Facility are unutilised and no longer required to be drawn under the Finance Documents (at FinCo's discretion), such amounts shall (together with any other amounts required to be repaid to the Liquidity Facility Provider under the terms of the relevant Liquidity Facility Agreement) be transferred directly back to the Liquidity Facility Provider without being subject to the applicable Priorities of Payments.

Restricted Payment Account

The Obligor Cash Manager shall credit any and all excess amounts remaining in the Rent and General Account following the application of items (a) to (o) of the Obligor Pre-Enforcement Priority of Payments to the Restricted Payment Account.

In addition, any other amount expressly provided under any Finance Document to be credited or transferred to the Restricted Payment Account shall be credited to the Restricted Payment Account (including amounts to be transferred from the Prepayments Account and the Disposal/Withdrawal Deposit Account), together with (i) any advance of Financial Indebtedness incurred as a Permitted Subordinated Obligation, including for the purposes of funding the payment or repayment of any amount due under any Third Party Unsecured Financial Indebtedness, and (ii) any interest earned on the Restricted Payment Account and any income received in respect of any Eligible Investments invested in using funds withdrawn from the Restricted Payment Account.

Amounts standing to the credit of the Restricted Payment Account may be used by the Obligor Cash Manager at any time to (i) make any payment or other disposal of cash or other funds or assets, including by way of repayment of the advance of any Permitted Subordinated Obligations, Permitted Other Debt Obligations or other Financial Indebtedness, or by way of a dividend or distribution, or for the purchase of tax losses permitted by the Tax Deed of Covenant, (ii) to make any payments to any person at the sole discretion of FinCo, including applying such amounts on behalf of FinCo for any use permitted by the Finance Documents (including any Permitted Acquisition), or (iii) pay such amounts to any other Obligor Account at the sole discretion of FinCo.

Deposit/Cure Account

The amounts standing to the credit of the Deposit/Cure Account shall be used to cure any breaches of the Financial Covenants in accordance with Cure Rights as set out in the Common Terms Agreement (including, without limitation, by way of prepayment of Senior Debt Obligations, in which case it shall be transferred to the Prepayments Account, or by acquiring Eligible Investments).

The Deposit/Cure Account shall be funded by any cash amounts transferred as Additional Contributions in accordance with the Cure Rights set out in the Common Terms Agreement and such amounts shall be applied as provided by the applicable Cure Right.

Any amounts standing to the credit of the Deposit/Cure Account and no longer required pursuant to the Cure Rights shall be transferred to the Restricted Payment Account.

Debt Service Account

The Debt Service Account shall be funded from the following amounts:

(i) on or before each Trap Date, amounts transferred from the Rent and General Account to the Debt Service Account pursuant to item (g) of the Obligor Pre-Enforcement Priority of Payments;

(ii) on or before each Trap Date, amounts transferred from the Rent and General Account to the Debt Service Account pursuant to item (h) of the Obligor Pre-Enforcement Priority of Payments;

(iii) any amount to be transferred from the Prepayments Account;

(iv) the amount of any Drawdown under an Authorised Finance Facility on or prior to an Interest Payment Date which is to be applied to or towards the repayment of any existing Senior Debt Obligations as contemplated by paragraph (h) of the Obligor Pre-Enforcement Priority of Payments;

(v) any scheduled amount received from a Hedge Counterparty (other than Hedge Collateral) on or around an Interest Payment Date in respect of amounts due from it to FinCo under the relevant Hedging Agreement;

(vi) any interest earned on the Debt Service Account and any income received in respect of any Eligible Investments invested in using funds withdrawn from the Debt Service Account will be credited to the Debt Service Account; and

(vii) any other amount expressly provided for under any Finance Document to be credited or transferred to the Debt Service Account.

Where the T3 Covenant Regime applies, on each Trap Date the Obligor Cash Manager will credit any and all amounts remaining in the Rent and General Account following the application of funds on any Business Day pursuant to the Obligor Pre-Enforcement Priority of Payments to the Debt Service Account.

On each Interest Payment Date (or other date in the case of a mandatory or voluntary prepayment not falling on an Interest Payment Date), amounts standing to the credit of the Debt Service Account shall be used to make payments (a) firstly, to the Rent and General Account of all amounts credited to the Debt Service Account pursuant to paragraph (v) above, (b) secondly, on a *pro rata* and *pari passu* basis of (i) interest amounts, fees and expenses due on Senior Debt Obligations on such date and (ii) scheduled amounts owing to any Hedge Counterparty on such date other than Hedge Subordinated Amounts and (c) thirdly, on a *pro rata* and *pari passu* basis of (i) scheduled principal amounts or prepayments of principal of Senior Debt Obligations due on such date, (ii) unscheduled amounts (including any Early Termination Amount, as defined in the applicable Hedging Agreement) owing to any Hedge Counterparty on such date in respect thereof, and (iii) any Make-Whole Amount (if applicable) due to be paid in relation to Senior Debt Obligations and (iv) any other amount due to be paid in relation to Senior Debt Obligations.

Following the delivery of an Obligor Enforcement Notice, amounts standing to the credit of the Debt Service Account may only be applied on any day in accordance with the Obligor Post-Enforcement Priority of Payments (see below "*Cash Management following delivery of an Obligor Enforcement Notice*" on page 171).

Prepayments Account

The amounts standing to the credit of the Prepayments Account shall be used to transfer to the Debt Service Account such amount as may be required in respect of the prepayment of the Senior Debt Obligations or any of them in accordance with the relevant provisions of the Common Terms Agreement, following which, any such excess amounts shall be paid to the Restricted Payment Account.

The Prepayments Account shall be funded by any proceeds from (i) amounts received pursuant to any compulsory purchase of a Property to be used to prepay Senior Debt Obligations pursuant to the Common

Terms Agreement, (ii) amounts transferred from the Insurance Proceeds Account, (iii) amounts transferred from the Deposit/Cure Account, (iv) any interest earned on the Prepayments Account, (v) any income received in respect of any Eligible Investments invested in using funds withdrawn from the Prepayments Account and (vi) any other amount expressly provided under any Finance Document to be credited or transferred to the Prepayments Account.

Insurance Proceeds Account

The amounts standing to the credit of the Insurance Proceeds Account in respect of any Insurance Proceeds (as defined in the Common Terms Agreement) shall be used towards payment for the reinstatement of the relevant part of the Property that the Insurance Proceeds relate, and failing such application towards reinstatement within 3 years from the date of settlement of the relevant claim, shall be used to prepay the Senior Debt Obligations and will be transferred to the Prepayments Account.

The Insurance Proceeds Account shall be funded by any Insurance Proceeds (as defined in the Common Terms Agreement) of a claim relating to reinstatement value paid out under any insurance policy in the name of a PropCo and required to be deposited into the Insurance Proceeds Account, together with any interest earned on the Insurance Proceeds Account and any income received in respect of any Eligible Investments invested in using funds withdrawn from the Insurance Proceeds Account.

Defeasance Account

The Defeasance Account shall be credited with any excess which remains after a Prepayment Amount has been applied in prepaying the Senior Debt Obligations in accordance with the Prepayment Principles, together with any interest earned on the Defeasance Account and any income received in respect of any Eligible Investments invested in using funds withdrawn from the Defeasance Account.

Amounts standing to the credit of the Defeasance Account shall only be used (i) in voluntary prepayment and early redemption of any ICL Loan and the Notes of the associated Tranche in accordance with the Prepayment Principles (including payment of any Make-Whole Amount applicable to such Tranche of Notes), (ii) in making a market offer to the holders of Notes to purchase Notes at par (or, if less, the then-current market price) on customary market terms, with any such Notes to be cancelled, (iii) in or towards the purchase price for any Permitted Acquisition, provided that prior to the release of any such funds for this purpose, FinCo delivers to the Obligor Security Trustee a certificate, signed by two directors (one of whom is the finance director or chief financial officer) confirming that the applicable Covenant Regime for the Security Group has been, for the whole of the 12-month period preceding the date of delivery of such certificate, the T1 Covenant Regime, and which would continue to apply following the transfer of such amounts out of the Defeasance Account in payment of such purchase price, or (iv) to repay and redeem any ICL Loan and the Notes of the associated Tranche at the date of their scheduled or final maturity.

Tax Reserve Account

Amounts standing to the credit of the Tax Reserve Account shall be used to (i) make payments to a Tax Authority, as provided for in the Tax Deed of Covenant, (ii) make a payment to another Obligor Account, as provided for in the Tax Deed of Covenant and (iii) in respect of any amounts no longer required to be deposited in the Tax Reserve Account in accordance with the Finance Documents, be transferred to the Rent and General Account or Restricted Payment Account as provided for in the Tax Deed of Covenant.

The Tax Reserve Account shall be funded by (i) any amounts transferred to it in accordance with paragraph (b) of the definition of Net Disposal Proceeds, (ii) any amounts transferred to it from any other Obligor Account as required to comply with the provisions of the Tax Deed of Covenant, (iii) any deposits of the proceeds of an advance of a Permitted Subordinated Obligation or such other sums as may be advanced by a Non-Restricted Group Entity, as may be required to comply with the Tax Deed of Covenant, (iv) any Tax arising and required to be reserved in accordance with the Tax Deed of Covenant in respect of the receipt of Insurance Proceeds and (v) any other amount expressly provided under any Finance Document to be credited or transferred to the Tax Reserve Account.

Eligible Investments

The Obligor Cash Manager may, in accordance with the Common Terms Agreement, be permitted to withdraw (or keep withdrawn) amounts which are standing to the credit of any of the Obligor Accounts and are not to be used on that Business Day to make any payment due by FinCo under the terms of the Finance Documents for the purpose of investing such amounts in Eligible Investments.

All income, principal, proceeds of sale, redemption, realisation or disposal or any other amounts received in respect of any Eligible Investments shall be, prior to the next succeeding Trap Date, credited to the relevant Obligor Account from which the moneys to invest in such Eligible Investments were originally drawn.

Any interest on any amount standing to the credit of, and any amount received (other than principal) in respect of any Eligible Investments which have been invested in using funds in, any Obligor Account other than the Rent and General Account, the Hedge Collateral Account, the Deposit/Cure Account, the Restricted Payment Account, the Collections Account and the Opex Account shall be transferred from such Obligor Account to the Rent and General Account on the same date as amounts are transferred from the FinCo Collections Account to the Rent and General Account.

Cash Management following delivery of an Obligor Enforcement Notice

Following the receipt of an Obligor Enforcement Notice by the Obligor Cash Manager, the Obligor Cash Manager shall act as Obligor Cash Manager to the Obligor Security Trustee on the terms of the Obligor Cash Management Agreement, until notified in writing by the Obligor Security Trustee to the contrary.

Following the delivery of an Obligor Enforcement Notice, all monies received or recovered by the Obligor Security Trustee (or the Receiver or any delegate appointed by the Obligor Security Trustee) in exercise of their rights under any Obligor Security Document shall be applied (to the extent that it is lawfully able to do so) by or on behalf of the Obligor Security Trustee or, as the case may be, any Receiver or any delegate appointed by the Obligor Security Trustee, in accordance with the Obligor Post-Enforcement Priority of Payments, and all monies standing to the credit of each Obligor Account shall only be withdrawn with the prior written consent of the Obligor Security Trustee or a Receiver.

INITIAL AUTHORISED LOAN FACILITY AGREEMENT

The Initial Authorised Loan Facility Providers will make available to FinCo the Initial Authorised Loan Facility pursuant to the Initial Authorised Loan Facility Agreement which comprises a term loan facility. The Initial Authorised Loan Facility will constitute a Senior Debt Obligation.

The Obligor Events of Default under the Common Terms Agreement will apply under the Initial Authorised Loan Facility Agreement (see the section "*Common Terms Agreement*" on page 109 above). In addition, it will be an Obligor Event of Default under the Initial Authorised Loan Facility Agreement if any event or circumstance occurs which the Initial Authorised Loan Facility Agent (acting on the instructions of the Majority Lenders) reasonably believes would have a material adverse effect on the ability of any Obligor to perform or comply with any of its payment obligations under the facility.

The ability of an Initial Authorised Loan Facility Provider to accelerate any sums owing to it under the Initial Authorised Loan Facility Agreement upon or following the occurrence of an Obligor Event of Default thereunder is subject to the STID.

FinCo shall repay the Initial Authorised Loan Facility drawn by it in full on the date falling 60 months after the date of execution thereof.

FinCo shall apply all amounts borrowed by it under the Initial Authorised Loan Facility towards funding the refinancing of existing debt of the Security Group and such other costs and expenses of FinCo, in each case in accordance with the funds flow statement provided by FinCo in accordance with the CP Agreement.

It will be a term of the Initial Authorised Loan Facility Agreement that, upon the occurrence of a Change of Control, FinCo must promptly notify the Initial Authorised Loan Facility Agent and the Obligor Security Trustee, an Initial Authorised Loan Facility Provider shall not be obliged to fund a Request, and if any Initial Authorised Loan Facility Provider so requires within 30 days, the Initial Authorised Loan Facility Agent shall, by not less than 30 days' notice to FinCo, cancel the Total Commitments of that Initial Authorised Loan Facility Provider and declare all outstanding Loans of that Initial Authorised Loan Facility Provider, together with accrued interest, and all other amounts owing to such Initial Authorised Loan Facility Provider accrued under the Authorised Loan Finance Documents due and payable, whereupon the Total Commitments of that Initial Authorised Loan Facility Provider will be cancelled and all such outstanding amounts will become immediately due and payable.

The Initial Authorised Loan Facility Agreement shall be governed by English law.

ADDITIONAL AUTHORISED LOAN FACILITIES

FinCo will be permitted to incur Additional Financial Indebtedness under Authorised Loan Facilities with an Authorised Loan Facility Provider subject to any applicable financial covenants and the terms of the Common Terms Agreement and the STID. Each Authorised Loan Facility Provider will be party to, or will accede to, the Common Terms Agreement and the STID.

The Authorised Loan Facilities shall constitute Senior Debt Obligations.

The Obligor Events of Default under the Common Terms Agreement shall apply under the Authorised Loan Facilities (see the section "*Common Terms Agreement*" on page 109).

The ability of an Authorised Loan Facility Provider to accelerate any sums owing to it under an Authorised Loan Facility Agreement upon or following the occurrence of an Obligor Event of Default thereunder shall be subject to the STID.

OBLIGOR DEED OF CHARGE

Security

Each Obligor will enter into the Obligor Deed of Charge with, *inter alios*, the Obligor Security Trustee. Pursuant to the Obligor Deed of Charge, each Obligor shall secure its property, assets and undertakings to the Obligor Security Trustee for itself and as trustee for the Secured Participants.

The Obligor Deed of Charge will, to the extent applicable, incorporate the provisions of the Common Terms Agreement and be subject to the STID. The security constituted by the Obligor Deed of Charge will be expressed to include, *inter alia*:

(a) first legal mortgages of all of its right, title and interest from time to time granted by:

  (i) each Victoria Centre Cos to:

    (A) all of the real property belonging to it as set out in the Obligor Deed of Charge; and

(B) all estates or interests in any freehold or leasehold property (except any Property specified in (i)(A) above) as at the Initial Issue Date or thereafter belonging to it;

(ii) Lakeside Co to:

(A) all of the real property belonging to it as set out in the Obligor Deed of Charge; and

(B) all estates or interests in any freehold or leasehold property (except any Property specified in (ii)(A) above) as at the Initial issue Date or thereafter belonging to it; and

(iii) Watford Co to:

(A) all of the real property belonging to it as set out in the Obligor Deed of Charge; and

(B) all estates or interests in any freehold or leasehold property (except any Property specified in (iii)(A) above) as at the Initial Issue Date or thereafter belonging to it;

(b) first fixed charges on and from the Initial Issue Date over:

(i) (to the extent not the subject of an effective mortgage under paragraph (a)), all estates or interests in any freehold or leasehold property now or hereafter belonging to each Obligor;

(ii) all plant and machinery owned by each Obligor and its interest in any plant or machinery in each Obligor's possession;

(iii) all moneys standing to the credit of any Obligor Account (other than the Restricted Payment Account) and any other accounts with any bank or financial institution in which it at present or in the future has an interest and the debts represented by them (other than the Restricted Payment Account);

(iv) each Obligor's rights present and future under any Finance Documents to which it is a party (in the case of each Hedging Agreement, without prejudice to, and after giving effect to, any netting or set-off provision contained therein) to the extent not subject to an effective assignment under the Obligor Deed of Charge as described in paragraph (c) below;

(v) each Obligor's rights present and future under each English Lease Document to the extent not subject to an effective assignment under the Obligor Deed of Charge as described in paragraph (c) below;

(vi) the benefit of all licences, consents and authorisations (statutory or otherwise) held in connection with each Obligor's business or the use of any Charged Property specified in any other subparagraph of this paragraph (b) and the right to recover and receive all compensation which may be payable to it in respect of them;

(vii) all Eligible Investments from time to time held by each Obligor and all related rights;

(viii) all the Shares (including any Shares held over any Obligor) held by each Obligor and all related rights; and

(ix) each Obligor's rights under any agreement relating to the development or refurbishment of a Property;

(c) an assignment by way of security to the Obligor Security Trustee on and from the Initial Issue Date of (i) all Income other than Income due under any Scottish Lease Document, (ii) any guarantee of Income contained in or relating to any Lease Document, (iii) all rights present and future over any IP Licence held by it, (iv) all benefits in respect of the Security Group Insurances and all claims and returns of premiums in respect of them (including for the avoidance of doubt those Insurances relating to Scottish Properties), (v) each Obligor's rights present and future under any Finance Document (in the case of each Hedging Agreement, without prejudice to, and after giving effect to, any netting or set-off provision contained therein) and (vi) each Obligor's rights, present and future, under any construction warranties, guarantees, covenants and other agreements relating to any construction activities, to the extent legally possible or to the extent permitted by the terms of the relevant contracts;

(d) an undertaking by each Obligor to the Obligor Security Trustee to execute and deliver (i) a Standard Security over any Scottish Property owned by the Obligor, (ii) an Assignation of Income in respect of its right to receive Income due under each Scottish Lease Document, (iii) upon the date of Drawdown under any Authorised Finance Facility, or (for so long as the T3 Covenant Regime applies) upon the date of entry by the relevant Obligor into any Scottish Lease Document, an Assignation of Income in respect of its right to receive Income due under each Scottish Lease Document (to the extent not already assigned in security to the Obligor Security Trustee) and (iv) a Scottish Shares Pledge in relation to any shares owned by it in a company incorporated in Scotland (if applicable); and

(e) a first floating charge over all of the assets and undertaking of each Obligor not otherwise effectively mortgaged, charged or assigned by way of fixed mortgage or charge or assignment by the Obligor Deed of Charge but excluding from the foregoing all property assets, rights and interests situated in or governed by the law of Scotland, including the Scottish Properties, all of which property, assets, rights and interests are charged by the floating charge created by the Obligor Deed of Charge.

Crystallisation

The Obligor Security Trustee may by notice to FinCo on behalf of the Obligors convert the floating charge created by the Obligor Deed of Charge into a fixed charge as regards all or any of an Obligor's assets specified in the notice if (i) any Obligor Event of Default has occurred and is continuing and has not been waived, (ii) it (acting in accordance with the STID) reasonably believes that the Charged Property or any part thereof is in danger of being seized or sold under any form of distress, attachment, diligence, or execution or is otherwise in jeopardy, (iii) it (acting in accordance with the STID) reasonably considers it desirable in order to protect the priority of the Obligor Security or (iv) any Obligor requests the Obligor Security Trustee to exercise any of its powers under the Obligor Deed of Charge.

In addition, the floating charge will automatically convert into a fixed charge if and when (i) an Obligor Enforcement Notice is delivered, (ii) any floating charge granted by an Obligor to any other person crystallises for any reason whatsoever, (iii) the relevant Obligor creates or attempts to create any security over the Charged Property other than as permitted by the Finance Documents, (iv) an Administrative Event occurs, (v) any person takes any step to effect any expropriation, attachment, sequestration, distress or execution against any of the Charged Property not subject to a fixed charge, (vi) a Receiver is appointed over all or any of the Charged Property, (vii) a meeting is convened for the passing of a resolution for the voluntary winding-up of the Obligor, (viii) a petition is presented for the compulsory winding-up of the Obligor, other than any petition which FinCo or the relevant Obligor reasonably considers to be vexatious, is contesting in good faith and which is dismissed, discharged, stayed or restrained within 45 days of the application, (ix) a provisional liquidator is appointed to the Obligor, or (x) a resolution is passed or an order is made for the dissolution or reorganisation of the Obligor.

In neither case, however, will such crystallisation provisions apply in respect of property situated in Scotland if and to the extent that a Receiver would not be capable of exercising its power in Scotland pursuant to section 72 of the Insolvency Act 1986 by reason of such conversion.

The security will be held on trust by the Obligor Security Trustee for itself and on behalf of the Secured Participants in accordance with and subject to the terms of the STID. Each Obligor, or FinCo on behalf of each Obligor, shall:

(i) as soon as is reasonably practicable after the Initial Issue Date (in respect of existing Security Group Insurances) and any date on which such Obligor enters into a contract or policy in respect of the Security Group Insurances, give notice of each assignment in accordance with the requirements of the Obligor Deed of Charge; and

(ii) following the delivery of an Obligor Enforcement Notice, give notice to each Tenant of each English Property.

The floating charge granted pursuant to the Obligor Deed of Charge shall rank equally with the floating charge granted pursuant to the Obligor Floating Charge Agreement.

The Obligor Deed of Charge also provides that any person which becomes an Obligor in accordance with the provisions of the Common Terms Agreement and the STID shall execute a deed of accession to the Obligor Deed of Charge and such person shall, on the date on which such deed of accession is executed by it, become a party to the Obligor Deed of Charge in the capacity of an Obligor, whereupon the Additional Obligor shall become bound by all matters provided for in any such deed of accession.

The Obligor Deed of Charge shall be governed by English Law.

OBLIGOR FLOATING CHARGE AGREEMENT

Each Obligor will enter into the Obligor Floating Charge Agreement, pursuant to which each Obligor charges in favour of the Obligor Security Trustee (as trustee for the Issuer) by way of a first floating charge all present and future assets and undertaking of such Obligor as security for the payment of all OFCA Secured Liabilities (whether of that or any other Obligor).

The floating charge granted pursuant to the Obligor Floating Charge Agreement shall rank in point of priority *pari passu* with the floating charge granted pursuant to the Obligor Deed of Charge, and will become enforceable by the Obligor Security Trustee following the delivery of an Obligor Enforcement Notice or upon the occurrence of an Administrative Event.

Crystallisation

The Obligor Security Trustee may by notice to FinCo on behalf of the Obligors convert the floating charge created by the Obligor Floating Charge Agreement into a fixed charge as regards all or any of an Obligor's assets specified in the notice if (i) any Obligor Event of Default has occurred and is continuing and has not been waived, (ii) it (acting in accordance with the STID) reasonably believes that the Charged Property or any part thereof is in danger of being seized or sold under any form of distress, attachment, diligence, or execution or is otherwise in jeopardy, (iii) it (acting in accordance with the STID) reasonably considers it desirable in order to protect the priority of the Obligor Security, or (iv) any Obligor requests the Obligor Security Trustee to exercise any of its powers under the Obligor Floating Charge Agreement.

In addition, the floating charge will automatically convert into a fixed charge if and when (i) an Obligor Enforcement Notice is delivered, (ii) any floating charge granted by an Obligor to any other person crystallises for any reason whatsoever, (iii) the relevant Obligor creates or attempts to create any security over the Charged Property other than as permitted under the Finance Documents, (iv) an Administrative Event occurs, (v) any person takes any step to effect any expropriation, attachment, sequestration, distress or execution against any of the Charged Property not subject to a fixed charge, (vi) a Receiver is appointed over all or any of the Charged Property, (vii) a meeting is convened for the passing of a resolution for the voluntary winding-up of the

Obligor, (viii) a petition is presented for the compulsory winding-up of the Obligor, other than any petition which FinCo or the relevant Obligor reasonably considers to be vexatious, is contesting in good faith and which is dismissed, discharged, stayed or restrained within 45 days of the application, (ix) a provisional liquidator is appointed to the Obligor, or (x) a resolution is passed or an order is made for the dissolution or reorganisation of the Obligor.

In neither case, however, will such crystallisation provisions apply in respect of property situated in Scotland if and to the extent that a Receiver would not be capable of exercising its power in Scotland pursuant to section 72 of the Insolvency Act 1986 by reason of such conversion.

Appointment of an Administrative Receiver

At any time after the floating security created under the Obligor Floating Charge Agreement becomes enforceable, the Obligor Security Trustee may appoint such person or persons as it thinks fit to be an Administrative Receiver(s) of the whole or any part of the Charged Property held by any Obligor.

If the floating security created under the Obligor Floating Charge Agreement becomes enforceable against an Obligor, the Obligor Security Trustee will be required to appoint such person or persons as it thinks fit to be an Administrative Receiver(s) of the whole or any part of the Charged Property held by such Obligor, such appointment to take effect upon the final day by which the appointment must be made in order to prevent an administration from proceeding or (where an Obligor or the directors of an Obligor have initiated the administration) not later than that final day.

The Obligor Floating Charge Agreement shall also provide that any person which becomes an Obligor in accordance with the provisions of the Common Terms Agreement and the STID shall execute a deed of accession to the Obligor Floating Charge Agreement and such person shall, on the date on which such deed of accession is executed by it, become a party to the Obligor Floating Charge Agreement in the capacity of an Obligor, whereupon the Additional Obligor shall become bound by all matters provided for in any such deed of accession.

The Obligor Floating Charge Agreement shall be governed by English law.

OBLIGOR ACCOUNT BANK AGREEMENT

Pursuant to the Obligor Account Bank Agreement to be entered into on the Initial Issue Date, the Obligor Account Bank will agree to hold the Obligor Accounts and operate them in accordance with the terms of the Obligor Account Bank Agreement and any applicable Mandate. The Obligor Cash Manager will manage the Obligor Accounts on behalf of FinCo, the Obligor Security Trustee and the PropCos pursuant to the Obligor Cash Management Agreement (see the section "*Obligor Cash Management Agreement*" on page 163 above).

If the Obligor Account Bank ceases to be an Acceptable Bank, the Obligor Account Bank shall promptly notify FinCo and FinCo shall use its commercially reasonable endeavours to procure that the Obligor Accounts shall be transferred to a Substitute Obligor Account Bank which *inter alia*, (i) is a reputable institution experienced in the provision of equivalent services in transactions of an equivalent type, (ii) is an Acceptable Bank, (iii) is an Authorised Entity, (iv) agrees to receive a rate of remuneration which does not exceed the rate then commonly charged by providers of services similar to those provided by the Obligor Account Bank, and (v) agrees to be bound by the Obligor Account Bank Agreement, the Obligor Security Documents, the Obligor Cash Management Agreement, the MDA, the Common Terms Agreement and the STID within a period not exceeding 30 calendar days from the date on which such Obligor Account Bank ceases to be an Acceptable Bank although, for the avoidance of doubt, should there be a failure to effect such transfer within 30 days, FinCo shall continue to use its commercially reasonable endeavours to effect such transfer as soon as possible.

If a notice of termination is given to the Obligor Account Bank (other than upon its downgrade as described in the previous paragraph) or the Obligor Account Bank gives notice of its resignation, FinCo shall appoint a substitute Obligor Account Bank as soon as reasonably practicable (and prior to the day falling 10 days before the expiry of the date of the resignation or termination notice, after which the Obligor Account Bank may seek its own replacement) provided that the substitute Obligor Account Bank, *inter alia*, (i) is a reputable institution experienced in the provision of equivalent services in transactions of an equivalent type, (ii) is an Acceptable Bank, (iii) is an Authorised Entity, (iv) agrees to receive a rate of remuneration which does not exceed the rate then commonly charged by providers of services similar to those provided by the Obligor Account Bank, and (v) agrees to be bound by the Obligor Account Bank Agreement, the Obligor Security Documents, the Obligor Cash Management Agreement, the MDA, the Common Terms Agreement and the STID. No such termination or resignation shall take effect until a substitute Obligor Account Bank has been appointed.

The Obligor Account Bank Agreement shall be governed by English law.

INTERCOMPANY LOAN AGREEMENT

All Financial Indebtedness raised by the Issuer from time to time through the issue of Notes will be on-lent to FinCo pursuant to a corresponding ICL Loan made pursuant to the Intercompany Loan Agreement. Each ICL Loan will have substantially the same terms as the corresponding Notes, including as to interest payable. Therefore, each issue of Notes will be backed by an aggregate nominal amount of debt owed by FinCo to the Issuer under the corresponding ICL Loan, and each ICL Loan is intended to be a source of funds capable of servicing any payments due and payable on the Notes.

The Issuer's obligations to repay principal and pay interest on the Notes will be met primarily from the payments of principal and interest received from FinCo under each ICL Loan. Therefore, payment dates in respect of the ICL Loan will be no later than the business day prior to the payment dates in respect of the corresponding Notes, and the repayment and prepayment terms shall be the same as the corresponding Notes, such that each ICL Loan will be repayable in whole or in part no later than the business day prior to the date on which the corresponding Notes are due to be repaid. FinCo shall also pay to the Issuer the Ongoing Facility Fee under each ICL Loan.

FinCo will agree to make payments to the Issuer free and clear of any withholding on account of tax unless it is required by law to so withhold. In such circumstances, FinCo will gross up such payments.

The obligations of FinCo under each ICL Loan will be secured pursuant to the Obligor Security Documents, and FinCo's obligations will be guaranteed by each other Obligor in favour of the Obligor Security Trustee, who will hold the benefit of such Obligor Security on trust for the Secured Participants (including the Issuer).

The Intercompany Loan Agreement shall be governed by English law.

ISSUER DEED OF CHARGE

The Issuer will enter into the Issuer Deed of Charge with, *inter alios*, the Issuer Trustee for the purposes of securing the Issuer Secured Liabilities. The security will be held on trust by the Issuer Trustee for itself and on behalf of the Issuer Secured Participants. The security constituted by the Issuer Deed of Charge will be expressed to include, *inter alia*:

(a) first fixed charges over the Issuer's right, title and interest and benefit present and future in the Issuer Accounts and any Eligible Investments from time to time acquired and all the present and future dividends and distributions of such Eligible Investments;

(b) an assignment or fixed charge of all the Issuer's right, title and interest and benefit present and future in the Issuer Documents (including the Intercompany Loan Agreement), including all moneys payable to the Issuer under or in connection with such Issuer Documents; and

(c) a first floating charge over all the Issuer's undertaking and, without limitation, all its property rights and assets, both present and future (including assets expressed to be charged by way of fixed charge or assigned by way of security pursuant to Issuer Deed of Charge).

The Issuer Security shall become enforceable following delivery of an Issuer Enforcement Notice in accordance with the Conditions. No Obligor shall guarantee the Issuer's obligations in respect of the Issuer Secured Liabilities.

Crystallisation

The Issuer Trustee may by notice to the Issuer convert the floating charge created by the Issuer Deed of Charge into a fixed charge as regards all or any of the Issuer's assets specified in the notice if (i) any Issuer Event of Default has occurred and is continuing and has not been waived, (ii) the Issuer Trustee considers that the Issuer Charged Property or any part thereof is in danger of being seized or sold under any form of distress, attachment, diligence, or execution or is otherwise in jeopardy, or (iii) the Issuer Trustee considers it desirable in order to protect the priority of the Issuer Security.

In addition, the floating charge will automatically be converted into a fixed charge over all the assets or undertaking of the Issuer if and when (i) an Issuer Enforcement Notice is delivered to the Issuer, (ii) the Issuer creates or attempts to create any security over the Issuer Charged Property other than as permitted by the Issuer Documents, (iii) an Issuer Administrative Event occurs, (iv) any person takes any step to effect any expropriation, attachment, sequestration, distress or execution against any of the Issuer Charged Property not subject to a fixed charge; (v) a Receiver is appointed over all or any of the Issuer Charged Property; (vi) a meeting is convened for the passing of a resolution for the voluntary winding-up of the Issuer; (vii) a petition is presented for the compulsory winding-up of the Issuer, other than any petition which the Issuer reasonably considers to be vexatious, is contesting in good faith and which is dismissed, discharged, stayed or restrained within 45 days of the application; (viii) a provisional liquidator is appointed to the Issuer; or (ix) a resolution is passed or an order is made for the dissolution or reorganisation of the Issuer.

Issuer Post-Enforcement Priority of Payments

Following the delivery of an Issuer Enforcement Notice, all monies received or recovered by the Issuer Trustee (or the Receiver or any delegate appointed by the Issuer Trustee or the Issuer Cash Manager on behalf of the Issuer Trustee) in respect of the Issuer Security held by the Issuer Trustee shall be applied (to the extent that it is lawfully able to do so) by or on behalf of the Issuer Trustee or, as the case may be, any Receiver or any delegate appointed by the Issuer Trustee, in accordance with the following Issuer Post-Enforcement Priority of Payments in respect of each Series of Notes:

(i) *firstly*, in payment or satisfaction of any fees (including without limitation, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, expenses, charges, liabilities and any other amounts (including any VAT thereon) due and payable to the Issuer Trustee under the Note Trust Deed and any agent, attorney, delegate or Receiver appointed by the Issuer Trustee;

(ii) *secondly*, in payment or satisfaction, *pari passu* and *pro rata* of:

    (a) the fees (including without limitation, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, expenses, charges, liabilities and any other amounts (including any VAT thereon) due and payable to the Agents under the Paying Agency Agreement and any Calculation Agent under the Calculation Agency Agreement;

(b) the fees (including without limitation, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, expenses, charges, liabilities and any other amounts (including any VAT thereon) due and payable to the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement; and

(c) the fees (including without limitation, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, expenses, charges, liabilities and any other amounts (including any VAT thereon) due and payable to the Issuer Account Bank under the Issuer Account Bank Agreement;

(d) the fees (including without limitation, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, expenses, charges, liabilities and any other amounts (including any VAT thereon) due and payable to the Issuer Cash Manager under the Issuer Cash Management Agreement;

(e) the fees, costs, charges, expenses and liabilities due and payable to the Rating Agency;

(iii) *thirdly*, in payment or satisfaction of interest due and payable in respect of the Notes;

(iv) *fourthly*, in payment or satisfaction of principal outstanding in respect of the Notes until the Notes have been repaid in full;

(v) *fifthly*, after retaining the Issuer Lender Profit Amount (which the Issuer may, after meeting any corporation tax thereon, use to pay a dividend or otherwise to pay to such account or person nominated by the Issuer), any remaining amount by way of rebate of Ongoing Facility Fees to FinCo under the terms of each ICL Loan.

The Issuer will agree in the Issuer Deed of Charge to comply with the Issuer Documents to which it is a party including, among others, the Issuer Account Bank Agreement and the Issuer Cash Management Agreement.

The Issuer Deed of Charge shall be governed by English law.

ISSUER CASH MANAGEMENT AGREEMENT

The Issuer Cash Management Agreement will require the Issuer to open and maintain the Issuer Accounts with the Issuer Account Bank pursuant to the Issuer Account Bank Agreement dated on or about the Initial Issue Date.

Issuer Account

The Initial Issuer Account will be the principal current account of the Issuer through which all amounts payable by the Issuer will be cleared (including any amounts payable by the Issuer pursuant to each Series of Notes). Amounts standing to the credit of the Initial Issuer Account will only be used to (i) make payments in accordance with the applicable Issuer Priorities of Payments, (ii) make repayments or prepayments of the Notes in accordance with Condition 7(e) (*Early Redemption on prepayment of an ICL Loan under the Intercompany Loan Agreement*) following receipt of repayments or prepayments of an ICL Loan (iii) to make ICL Loans following receipt of the proceeds of an issue of a Tranche of Notes and (iv) to make loan amounts to each Obligor under the Obligor Floating Charge Agreement from the proceeds of the initial issuance of Notes.

Cash Management following delivery of an Issuer Enforcement Notice

Following the receipt of an Issuer Enforcement Notice, the Issuer Cash Manager shall act as Issuer Cash Manager to the Issuer Trustee on the terms of the Issuer Cash Management Agreement, until notified in writing by the Issuer Trustee to the contrary.

Issuer Pre-Enforcement Priority of Payments

Prior to the delivery of an Issuer Enforcement Notice, in respect of each Series of Notes, on each Interest Payment Date, the Issuer Cash Manager shall instruct the Issuer Account Bank to make such payments or to provide for such payments on such Interest Payment Date from the amounts standing to the credit of the Initial Issuer Account as are required to ensure compliance with the Issuer Pre-Enforcement Priority of Payments below, in each case only to the extent that preceding items have been paid in full and the relevant payment does not cause the Initial Issuer Account to become overdrawn:

(i) *firstly*, in payment or satisfaction of, any fees (including without limitation, legal fees), other remuneration and indemnity payments (if any), costs, claims, expenses, disbursements, charges, liabilities and any other amounts (including any VAT thereon), due and payable to the Issuer Trustee under the Note Trust Deed;

(ii) *secondly*, in payment or satisfaction of any tax for which the Issuer is primarily liable to the appropriate tax authorities (other than corporation tax on the Issuer Lender Profit Amount to be paid under paragraph (iv) below);

(iii) *thirdly*, in payment or satisfaction, *pari passu* and *pro rata* of:

   (a) the fees (including without limitation, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, expenses, charges, liabilities and any other amounts (including any VAT thereon) due and payable to the Agents under the Paying Agency Agreement and any Calculation Agent under the Calculation Agency Agreement;

   (b) the fees (including without limitation, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, expenses, charges, liabilities and any other amounts (including any VAT thereon) due and payable to the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement; and

   (c) the fees (including without limitation, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, expenses, charges, liabilities and any other amounts (including any VAT thereon) due and payable to the Issuer Account Bank under the Issuer Account Bank Agreement;

   (d) the fees (including without limitation, legal fees), other remuneration and indemnity payments (if any), costs, claims, disbursements, expenses, charges, liabilities and any other amounts (including any VAT thereon) due and payable to the Issuer Cash Manager under the Issuer Cash Management Agreement;

   (e) the fees, costs, charges, expenses and liabilities due and payable to the Rating Agency;

(iv) *fourthly*, in retention of the Issuer Lender Profit Amount, (which the Issuer may, after meeting any corporation tax payable in respect of the Issuer Lender Profit Amount which has not already been paid under paragraph (ii) above thereon, use to pay a dividend or otherwise to pay to such account or person nominated by the Issuer);

(v) *fifthly,* payment of amounts due and payable to any third party creditors of the Issuer, or to become due and payable to any third party creditors of the Issuer prior to the next Interest Payment Date, of which the Issuer Cash Manager has notice prior to the relevant Interest Payment Date, which amounts have been incurred without breach by the Issuer of the Issuer Documents to which it is a party (and for which payment has not been provided for elsewhere);

(vi) *sixthly*, in payment or satisfaction of interest due and payable in respect of the Notes;

(vii) *seventhly*, in payment or satisfaction of principal outstanding in respect of the Notes until the Notes have been repaid in full; and

(viii) *eighthly*, any remaining amount by way of rebate of Ongoing Facility Fees to FinCo under the terms of each ICL Loan.

The Issuer Cash Management Agreement shall be governed by English law.

ISSUER ACCOUNT BANK AGREEMENT

Pursuant to the Issuer Account Bank Agreement to be entered into on the Initial Issue Date, the Issuer Account Bank will agree to hold the Issuer Accounts and operate such accounts in accordance with the instructions of the Issuer Cash Manager or the Issuer Trustee (as applicable). The Issuer Cash Manager will manage the Issuer Accounts on behalf of the Issuer pursuant to the Issuer Cash Management Agreement (see further the section entitled "*Issuer Cash Management Agreement*" on page 179 above).

If the Issuer Account Bank ceases to be an Acceptable Bank, the Issuer Account Bank shall promptly notify the Issuer and the Issuer shall use its commercially reasonable endeavours to procure that the Issuer Accounts shall be transferred to a Substitute Issuer Account Bank which *inter alia*, (i) is a reputable institution experienced in the provision of equivalent services in transactions of an equivalent type, (ii) is an Acceptable Bank, (iii) is an Authorised Entity, (iv) agrees to receive a rate of remuneration which does not exceed the rate then commonly charged by providers of services similar to those provided by the Issuer Account Bank, and (v) agrees to be bound by the Issuer Account Bank Agreement, the Issuer Security Documents, the Issuer Cash Management Agreement and the MDA within a period not exceeding 30 calendar days from the date on which such Issuer Account Bank ceases to be an Acceptable Bank, although, for the avoidance of doubt, should there be a failure to effect such transfer within 30 days, the Issuer shall continue to use its commercially reasonable endeavours to effect such transfer as soon as possible.

If a notice of termination is given to the Issuer Account Bank (other than upon its downgrade as described in the previous paragraph) or the Issuer Account Bank gives notice of its resignation, the Issuer shall appoint a substitute Issuer Account Bank as soon as reasonably practicable (and prior to the day falling 10 days before the expiry of the date of the resignation or termination notice, after which the Issuer Account Bank may seek its own replacement) provided that such substitute Issuer Account Bank, *inter alia*, (i) is a reputable institution experienced in the provision of equivalent services in transactions of an equivalent type, (ii) is an Acceptable Bank, (iii) is an Authorised Entity, (iv) agrees to receive a rate of remuneration which does not exceed the rate then commonly charged by providers of services similar to those provided by the Issuer Account Bank, and (v) agrees to be bound by the Issuer Account Bank Agreement, the Issuer Security Documents, the Issuer Cash Management Agreement and the MDA. No such termination shall be effective until a substitute Issuer Account Bank has been appointed.

The Issuer Account Bank Agreement shall be governed by English law.

PAYING AGENCY AGREEMENT

The Paying Agency Agreement, which will be entered into between, *inter alios*, the Issuer, the Agents and the Issuer Trustee, includes, amongst other things, the following provisions:

(a) the duties of the Agents and the terms on which they are appointed, and on which such appointment may be resigned or terminated or any additional or successor Agents may be appointed;

(b) an indemnity given by the Issuer to each Agent, on an after tax basis, against any loss, liability, cost, claim, action, demand or expense (including, but not limited to, all properly incurred costs (including legal fees), charges and expenses paid or incurred in disputing or defending any of the foregoing) that it may incur or that may be made against it arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from its own negligence, fraud or wilful default or that of its officers, employees or agents;

(c) an indemnity given by the Issuer to each Agent against any liability or loss howsoever incurred in connection with the Issuer's obligation to withhold or deduct an amount on account of tax;

(d) payment mechanics including:

   (i) the payment by the Issuer to the Principal Paying Agent, on each date on which any payment in respect of the Notes becomes due, such amount as may be required for the purposes of such payment;

   (ii) payment by each applicable Agent on behalf of the Issuer of the amounts due in respect of the Notes and Coupons in accordance with the Conditions and the subsequent reimbursement of such Agents from the Principal Paying Agent;

   (iii) provisions relating to the notification of the other Agents, the Issuer and the Issuer Trustee in the event that the Principal Paying Agent (i) does not receive from the Issuer on the due date for payment in respect of the Notes the full amount payable or (ii) receives such amount from the Issuer after the relevant due date for payment in respect of the Notes;

   (iv) provisions relating to the authentication of any Global Note, the exchange of the Temporary Global Note for a Permanent Global Note, the exchange of the Global Note for Definitive Notes and the issue of replacement Notes, Certificates, Coupons or Talons;

   (v) the keeping of records of the redemption, purchase, payment, exchange, cancellation, replacement and destruction of Notes; and

   (vi) the fees and expenses of the Agents.

The Paying Agency Agreement shall be governed by English law.

NOTE TRUST DEED

The Note Trust Deed will constitute the Notes, appoint the Issuer Trustee as trustee on behalf of the Noteholders and regulate important matters such as voting of the Noteholders.

For a description of Noteholder voting mechanics see "Terms and Condition of the Notes — Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*)" on page 202 below.

The Note Trust Deed shall be governed by English law.

CP AGREEMENT

The conditions precedent to, *inter alia*, the Finance Documents and the Issuer Documents being entered into on the Initial Issue Date and the transactions to be completed on the Initial Issue Date including the initial issue of the Notes under the Programme will all be set out in the CP Agreement as agreed between, among others, the Issuer Trustee, the Obligor Security Trustee and the Obligors.

The CP Agreement shall be governed by English law.

TAX DEED OF COVENANT

The obligations of the Issuer and the Obligors under the Finance Documents and the Issuer Documents are supported by the Tax Deed of Covenant dated on or about the Initial Issue Date, under which the Issuer, the Obligors, the Parent and SGS TopCo gave certain representations, warranties and covenants in relation to tax matters for the benefit of the Obligor Security Trustee.

Pursuant to the terms of the Tax Deed of Covenant, each of the Obligors and the Issuer will make representations, warranties and covenants in relation to, among other things, in the case of the Obligors, the payment of tax by such companies, certain group tax matters, secondary tax liabilities and VAT grouping and, in the case of the Issuer, its status as a "note issuing company" for the purposes of the Taxation of Securitisation Companies Regulations 2006 (S.I. 2006/3296) and certain characteristics of the Notes. The Parent and SGS TopCo also made certain representations, warranties and covenants relating to tax matters affecting the Security Group, including in relation to secondary tax liabilities and, in the case of the Parent, the REIT status of the Group.

The Tax Deed of Covenant will also contain provisions requiring the funding and release of reserves in relation to tax accruing to an Obligor as a result of the making of certain Permitted Disposals and Permitted Acquisitions and certain other transactions (including in relation to contingent tax liabilities arising to Obligors as a result of certain intra-group transactions) and in the event of the Group ceasing to be a REIT.

The Tax Deed of Covenant shall be governed by English law.

THE PROPERTY ADMINISTRATION AGREEMENT

The Property Administration Agreement provides for the appointment by FinCo and each PropCo of the relevant Property Administrator to provide property management services in respect of the relevant Property owned by such PropCo. Each Property Administrator shall provide the property management services usually expected from a manager of shopping centres, including, without limitation, using reasonable endeavours to find and maintain suitable Tenants, keeping in force all licences required under applicable law and regulation and demanding and receiving all rental income from Tenants. Each Property Administrator shall carry out such property management services in accordance with Good Industry Practice.

Upon a Permitted Disposal or Permitted Withdrawal of a Property or a PropCo from the Security Group, the Property Administration Agreement shall cease to apply to such Property or PropCo (as applicable) and the relevant Property Administrator's appointment shall be terminated.

The resignation of a Property Administrator or the termination of its appointment following the occurrence of a Property Administrator Termination Event or an Obligor Event of Default shall not be effective until the appointment of a substitute Property Administrator approved by the Obligor Security Trustee (acting in accordance with the STID) (such approval not being required if the substitute Property Administrator is a member of the Group) and which has the competence, experience and resources necessary for the proper performance of such obligations for assets similar to the Properties.

The Property Administration Agreement shall be governed by English law.

STANDARD SECURITIES (SCOTTISH PROPERTIES)

The Braehead Cos shall enter into a Standard Security, pursuant to which they shall each grant security over their whole right, title and interest in and to Braehead in favour of the Obligor Security Trustee for itself and as trustee for the Secured Participants.

A standard security is the only means of creating a fixed charge over heritable or long leasehold property in Scotland. Its form must comply with the requirements of the 1970 Act. The creditor under a standard security is referred to as the heritable creditor. The 1970 Act automatically imports a statutory set of standard conditions into all standard securities (the "Standard Conditions"), although the majority of these may be varied by agreement between the parties. The main provisions of the Standard Conditions which cannot be varied by agreement relate to redemption and enforcement, and in particular the notice and other procedures that are required to be carried out prior to the exercise of the heritable creditor's rights on a default by the debtor (typically, the grantor of the standard security).

The Standard Security will, to the extent applicable (and to the extent permitted by the 1970 Act), incorporate the provisions of the Common Terms Agreement and be subject to the STID.

The Standard Security shall be governed by Scots law.

ASSIGNATION OF INCOME (SCOTTISH LEASE DOCUMENTS)

The Braehead Cos shall enter into an Assignation of Income in relation to Braehead.

The Assignation of Income assigns in security to the Obligor Security Trustee the relevant Obligor's whole right, title and interest in and to (i) all Income payable to or for the benefit of that Obligor under the terms of any Lease of the relevant Scottish Property and (ii) any guarantee of that Income contained in or relating to that Lease or those Leases. In order to perfect an Assignation of Income, it must be intimated to the relevant tenants and guarantors (if applicable).

The Assignation of Income will, to the extent applicable, incorporate the provisions of the Common Terms Agreement and be subject to the STID.

The Assignation of Income shall be governed by Scots law.

HEDGING ARRANGEMENTS

FinCo may from time to time enter into fixed/floating interest rate swap transactions with the Hedge Counterparties in accordance with the Hedging Covenant (as described above under "*Common Terms Agreement – General Covenant – Hedging*" on page 121 of this Prospectus) to hedge its obligations to pay interest calculated on a variable or floating rate basis under any Authorised Loan Facility Agreement, Intercompany Loan Agreement or PP Notes.

The Hedging Agreements will be documented using the ISDA Master Agreement and are governed by English law and will contain market standard events of default. The Hedge Counterparties will be required to accede to the terms of the STID and the Common Terms Agreement.

TERMS AND CONDITIONS OF THE NOTES

The following, other than this italicised text, is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Master Definitions Agreement, the Note Trust Deed or Part A of the relevant Final Terms as the case may be. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Tranche only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a note trust deed (as amended or supplemented as at the date of issue of a Tranche of Notes (the "**Issue Date**"), the "**Note Trust Deed**") dated on or about the Initial Issue Date between the Issuer and HSBC Corporate Trustee Company (UK) Limited (the "**Issuer Trustee**", which expression shall include all persons for the time being the issuer trustee or issuer trustees under the Note Trust Deed including all successors and assigns) as issuer trustee for the Noteholders. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Note Trust Deed (including the Issuer Common Provision incorporated therein), which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. A paying agency agreement (as amended or supplemented as at the Issue Date, the "**Paying Agency Agreement**") dated on or about the Initial Issue Date has been entered into in relation to the Notes between the Issuer, the Issuer Trustee, HSBC Bank plc as principal paying agent (the "**Principal Paying Agent**"), as paying agent (the "**Paying Agent**"), as transfer agent ("**Transfer Agent**"), as registrar (the "**Registrar**" and, together with the Transfer Agent, the "**Transfer Agents**"), as calculation agent (the "**Calculation Agent**"), and HSBC Institutional Trust Services (Ireland) Limited as Irish paying agent (the "**Irish Paying Agent**") and, together with the Principal Paying Agent and the Paying Agent, the "**Paying Agents**", and the Paying Agents, together with the Transfer Agents and the Calculation Agent, the "**Agents**").

The Issuer has entered into a programme agreement dated on or about 8 March 2013 (as amended, supplemented and/or restated from time to time, the "**Programme Agreement**") with the dealers named therein (the "**Dealers**") in respect of the Programme, pursuant to which any of the Dealers may enter into a subscription agreement (each a "**Subscription Agreement**") in relation to each Tranche of Notes issued by the Issuer, and pursuant to which the Dealers will agree to subscribe for the relevant Tranche of Notes. In any Subscription Agreement relating to a Tranche of Notes, any of the Dealers may agree to procure subscribers to subscribe for the relevant Tranche of Notes.

The Issuer has entered into a deed of charge dated on or before the Initial Issue Date with the Issuer Trustee (the "**Issuer Deed of Charge**" and together with any other document evidencing or creating security over any asset of the Issuer to secure any obligation of the Issuer to an Issuer Secured Participant in respect of the Issuer Secured Liabilities, the "**Issuer Security Documents**") pursuant to which the Issuer has granted certain fixed and floating charge security to the Issuer Trustee for the Issuer Secured Participants in respect of the Issuer Secured Liabilities.

The Issuer and the Issuer Trustee, among others, will enter into a master definitions agreement dated the Initial Issue Date (as amended, supplemented and/or restated from time to time, the "**Master Definitions Agreement**"). Capitalised terms not defined in these Conditions have the meaning given to them in the Master Definitions Agreement, the Note Trust Deed or Part A of the relevant Final Terms, as the case may be.

In addition, the Issuer has entered into a common terms agreement with, *inter alios*, FinCo and the Obligor Security Trustee (the "**Common Terms Agreement**" or "**CTA**") and a security trust and intercreditor deed dated on or about the Initial Issue Date between, *inter alios*, the Obligor Security Trustee, the Issuer Trustee and the other Secured Participants (as amended, supplemented and/or restated from time to time, the "**STID**").

On the Initial Issue Date, the Issuer will enter into a floating charge agreement with, *inter alios*, the Obligors and the Obligor Security Trustee (the "**Obligor Floating Charge Agreement**") pursuant to which the Obligors will grant a floating charge over all or substantially all of their assets in favour of the Obligor Security Trustee as trustee on behalf of the Issuer.

Certain statements in these Conditions are summaries of the detailed provisions appearing on the face of the Notes (which expression shall include the body thereof), in the relevant Final Terms or in the Note Trust Deed, the Paying Agency Agreement, the Common Terms Agreement, the STID, the Obligor Security Documents or the Issuer Security Documents. Copies of the Note Trust Deed, each Final Terms, the Paying Agency Agreement, the Common Terms Agreement, the STID, the Master Definitions Agreement, the Obligor Security Documents and the Issuer Security Documents are available for inspection during normal business hours at the registered office of the Issuer, save that, if the Note is an unlisted Note of any Tranche, the applicable Final Terms will only be obtainable by a Noteholder holding one or more unlisted Notes of that Tranche and such Noteholder must provider evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Master Definitions Agreement, the Note Trust Deed, the Obligor Security Documents, the Issuer Documents, the Common Terms Agreement, the STID and the other Finance Documents to which the Issuer is a party and the relevant Final Terms and to have notice of those provisions of the Paying Agency Agreement applicable to them.

Any reference in these conditions to a matter being "specified" means the same as may be specified in the relevant Final Terms. Any reference to the relevant Final Terms or applicable Final Terms means a reference to the Final Terms relating to the relevant Notes to which these Conditions relate.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects, and "**Series**" means Notes which comprise a Tranche that differs from other Tranches of Notes though only in respect of matters set out in the Final Terms.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown in the applicable Final Terms provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive, the minimum Specified Denomination shall be £100,000 and then integral multiples above that of £1,000 in excess thereof up to and including £199,000.

Each Note is a fixed rate Note or a floating rate Note, depending upon whether the Interest Basis shown in the applicable Final Terms is specified as fixed rate (such Note being a "**Fixed Rate Note**") or floating rate (such Note being a "**Floating Rate Note**").

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Paying Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

Prior to the enforcement of the Issuer Security (as to which please see Condition 4 *(Security)* below, payments of interest, principal and other amounts due in respect of the Notes of each Tranche will be made under and in accordance with the Issuer Pre-Enforcement Priority of Payments (as defined in the Master Definitions Agreement).

2 No Exchange of Notes and Transfers of Registered Notes

(a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) **Transfer of Registered Notes:** Subject to Condition 2(f) *(Closed Periods)* below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Issuer, Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued (subject to receipt of sufficient new Certificates from the Issuer) to the transferee in respect of the part transferred and (subject to receipt of sufficient new Certificates from the Issuer) a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Paying Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Issuer Trustee. A copy of the current regulations will be made available by the Registrar (during normal working hours of the Registrar) to any Noteholder upon request.

(c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, (subject to receipt of sufficient new Certificates from the Issuer) a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in

Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2 (b) or (c) shall (subject to receipt of sufficient new Certificates from the Issuer) be available for delivery as soon as reasonably practicable following receipt of the form of transfer, surrender of the Certificate for exchange, provision to the relevant Agent of such evidence as the Issuer or Agent may reasonably require and payment of such costs and expenses as may be incurred in connection with such replacement. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify.

(e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any costs, expenses, tax or other charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date.

3 Status of Notes

The Notes and the Coupons relating to them constitute direct and unconditional obligations of the Issuer, are secured in the manner described in Condition 4 (*Security*) and shall at all times rank *pari passu* and without any preference among themselves.

4 Security

(a) Security

Under the Issuer Security Documents, the Issuer secures its obligations, under the Issuer Security Documents to which it is a party, to the Issuer Secured Participants by granting security in favour of the Issuer Trustee for itself and on trust for the other Issuer Secured Participants (the "**Issuer Security**") in accordance with and as set out in the Issuer Deed of Charge. Each further Tranche of Notes issued by the Issuer will share in the Issuer Security constituted by the Issuer Security Documents, upon and subject to the terms thereof.

(b) Relationship among Noteholders and with other Issuer Secured Participants

The Noteholders from time to time are Issuer Secured Participants. The Issuer Trustee is an Issuer Secured Participant on its own behalf and on behalf of the Noteholders from time to time, and will have regard to the interests of all the Noteholders as a single class.

The Note Trust Deed contains, *inter alia*, provisions detailing the Issuer Trustee's obligations to consider the interests of Noteholders as regards all discretions of the Issuer Trustee.

(c) Enforceable Security

Upon enforcement of the Issuer Security, the proceeds of such enforcement shall be applied by the Issuer Trustee (or any Receiver appointed by it) in accordance with the Issuer Post-Enforcement Priority of Payments and subject to the other provisions of the Issuer Security Documents. If the moneys received by the Issuer Trustee are not enough to pay in full all amounts to persons whose claims rank rateably, the Issuer Trustee shall apply the moneys pro rata on the basis of the amount due to each party entitled to such payment.

5 Issuer Covenants

So long as any of the Notes remains outstanding, the Issuer shall comply with the covenants as set out in the Issuer Deed of Charge and the other covenants contained in the Issuer Documents and the Finance Documents to which the Issuer is a party.

6 Interest and other Calculations

(a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its Outstanding Principal Amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(e).

(b) **Interest on Floating Rate Notes**:

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its Outstanding Principal Amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(e). Such Interest Payment Date(s) is/are either shown in the applicable Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the applicable Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the applicable Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the "**Floating Rate Business Day Convention**", such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the "**Following Business Day**

Convention", such date shall be postponed to the next day that is a Business Day, (C) the "**Modified Following Business Day Convention**", such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the "**Preceding Business Day Convention**", such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period (as defined below) shall be determined in the manner specified in the applicable Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where "**ISDA Determination**" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the applicable Final Terms;

(y) the Designated Maturity is a period specified in the applicable Final Terms; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x)

(1) Where "S**creen Rate Determination**" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be the composite quotation or rate customarily supplied by one entity (expressed as a percentage rate per annum) for the Reference Rate which appears on the Relevant Screen Page as at either 11.00 a.m. (London time) on the Interest Rate Determination Date in question as determined by the Calculation Agent.

(2) If such composite quotation or customarily supplied rate as referred to in sub-paragraph (x)(1) does not appear on the Relevant Screen Page at the specified time, the Calculation Agent will determine the arithmetic mean of the offered quotations available on the Relevant Screen Page at the time specified in sub-paragraph (x)(1) above.

(y) If the Relevant Screen Page (as defined below) is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant

Screen Page or if sub-paragraph (x)(2) above applies and fewer than two such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request the principal London office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (London time) on the Interest Rate Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately 11.00 a.m. (London time) on the relevant Interest Rate Determination Date, deposits in Sterling for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in Sterling for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in Sterling for a period equal to that which would have been used for the Reference Rate, at which at approximately 11.00 a.m. (London time), on the relevant Interest Rate Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Rate Determination Date.

(c) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date (as defined in this Condition 6).

(d) **Margin and Rounding**:

(i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 6(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and

(z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up). For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the United Kingdom.

(e) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest (including the Margin), the Calculation Amount specified in the applicable Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(f) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts and Early Redemption Amounts**: The Calculation Agent shall, as soon as reasonably practicable on each Interest Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount or Early Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount or Early Redemption Amount to be notified to the Issuer Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Issuer Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(g) **Determination or Calculation by Issuer Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Final Redemption Amount or Early Redemption Amount, the Issuer Trustee may (but without any liability accruing to the Issuer Trustee as a result):

(i) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or

(ii) calculate the Rate of Interest in respect of any Note in the manner specified in this Condition,

and any such determination and/or calculation shall be deemed to have been made by the Calculation Agent. The Issuer Trustee may, at the expense of the Issuer, employ an expert to make the determination and, in any case, any determination shall be deemed to have been made by the Calculation Agent.

(h) **Calculation Agents**: The Issuer shall procure that there shall at all times be one or more Calculation Agents appointed for so long as any Note is outstanding. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails, at or within the timeframe contemplated in these Conditions, duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount or Early Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) (such bank, a "**Relevant Bank**") to act as such in its place, provided that, if the Issuer does not appoint a Relevant Bank as a replacement Calculation Agent in accordance with this provision within 10 Business Days of the failure of the Calculation Agent referred to above, the Issuer Trustee may engage a leading international investment bank (acting through its principal London office) to assist the Issuer Trustee in appointing a Relevant Bank as replacement Calculation Agent.

(i) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London.

"**Business Day Convention**" has the meaning given to it in the applicable Final Terms and Condition 6(b)(ii) above.

"**Calculation Agent**" means HSBC Bank plc, any successor or such other person appointed by the Issuer to act as Calculation Agent. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) If "**Actual/Actual**" or "**Actual/Actual-ISDA**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)

(ii) if "**Actual/365** (**Fixed**)" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365

(iii) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366

(iv) if "**Actual/Actual-ICMA**" is specified in the applicable Final Terms,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Date**" means the date(s) specified as such in the applicable Final Terms or, if none is so specified, the Interest Payment Date(s); and

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"**Expected Maturity Date**" means the date as specified in the applicable Final Terms.

"**ICL Loan**" means each advance of the proceeds of issuance of a Tranche of Notes under the Programme by the Issuer to FinCo, made under the Intercompany Loan Agreement.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the applicable Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the applicable Final Terms.

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the applicable Final Terms.

"**Interest Rate Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified, the first day of such Interest Accrual Period.

"**ISDA Definitions**" means the 2000 ISDA Definitions (as amended and updated as at the date of issue of that first Tranche of Notes, as published by the International Swaps and Derivatives Associate, Inc.) or, if so specified in the applicable Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Notes), as published by the International Swaps and Derivatives Association, Inc.);

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the applicable Final Terms.

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, selected by the Calculation Agent or as specified in the applicable Final Terms.

"**Reference Rate**" means the rate specified as such in the applicable Final Terms.

"**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms.

"**Specified Currency**" means Sterling.

"**Specified Interest Payment Date**" has the meaning given to it in the applicable Final Terms.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts or Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 6 or any amendment or supplement to it and (iii) "**principal**" and/or "**interes**t" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Note Trust Deed.

7 Redemption and Purchase

(a) **Expected Maturity**: Unless previously redeemed in full, or purchased and cancelled as provided below, each Note will be redeemed on the Expected Maturity Date as follows and to the following extent:

(i) if, by the Expected Maturity Date, the Issuer has received repayment of the related ICL Loan (in accordance with the provisions of the Intercompany Loan Agreement) of a principal amount equal to the Outstanding Principal Amount, then the Notes will be redeemed in full, together with accrued but unpaid interest thereon to the date of redemption; and

(ii) if, by the Expected Maturity Date, the Issuer has received repayment of the related ICL Loan (in accordance with the provisions of the Intercompany Loan Agreement) of a principal amount less than the Outstanding Principal Amount, then the Notes will be redeemed *pro rata* in part to the extent of the amount which is so deposited, together with accrued but unpaid interest thereon to the date of redemption.

If the Notes are not redeemed in full by the Expected Maturity Date, then on each Interest Payment Date which thereafter occurs, the Notes will be redeemed in full or, as the case may be, *pro rata* in part to the extent of the principal amount which, if any, is received by the Issuer in repayment of the related ICL Loan(s) (in accordance with the provisions of the Intercompany Loan Agreement) until the earlier of (a) such time as the Notes are redeemed in full in accordance with Condition 7(f) below or (b) the Final Maturity Date specified in the relevant Final Terms for the Notes.

(b) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Final Maturity Date specified in the applicable Final Terms at its Final Redemption Amount (which, unless otherwise provided in the applicable Final Terms, is its Outstanding Principal Amount), together with accrued but unpaid interest thereon to the date of redemption.

(c) **Early Redemption Amount:** The Early Redemption Amount payable in respect of any Note, upon redemption of such Note pursuant to Condition 7(d), 7(e) or 7(f) or upon it becoming due and payable as provided in Condition 11, shall be the Outstanding Principal Amount (or part thereof in the case of a partial redemption, as the case may be) unless any of the following applies:

(i) such redemption is as a result of a voluntary prepayment of the related ICL Loan, and the Note is a Floating Rate Note, in which case the Early Redemption Amount shall be the Outstanding Principal Amount (or part thereof if the redemption is partial);

(ii) such redemption is as a result of a voluntary prepayment of the related ICL Loan, and the Note is a Fixed Rate Note in respect of which "Spens" is provided for in the relevant Final Terms, in which case the Early Redemption Amount shall be an amount equal to the higher of (i) the Outstanding Principal Amount (or part thereof if the redemption is partial); and (ii) the price determined to be appropriate by a reputable independent financial adviser in London (selected by the Issuer) as being the price at which the Gross Redemption Yield (as defined below) on such Notes on the Reference Date (as defined below) is equal to the Gross Redemption Yield at 3:00 p.m. (London time) on the Reference Date on the Reference Gilt (as defined below) while that stock is in issue, and thereafter such UK government stock (or such other stock as specified in the relevant Final Terms for Notes denominated in currencies other than Sterling) as the Issuer may, with the advice of three persons operating in the gilt-edged market (selected by the Issuer) determine to be appropriate; and

(iii) such redemption is as a result of a voluntary prepayment of the related ICL Loan, and the Note is a Fixed Rate Note in respect of which "Modified Spens" is provided for in the relevant Final Terms, in which case the Early Redemption Amount shall be an amount equal to the higher of (a) the Outstanding Principal Amount (or part thereof if the redemption is partial) and (b) the product of such Outstanding Principal Amount and the price, expressed as a percentage (rounded to three decimal places, with 0.005 being rounded down), (as reported in writing to the Issuer and the Issuer Trustee by a reputable independent financial adviser appointed by the Issuer) at which the Gross Redemption Yield (as defined below) on the Notes on the Reference Date (as defined below) is equal to the sum of (i) the Gross Redemption Yield at 3:00pm (London time) on such date of the Reference Gilt (or, where such financial adviser advises the Issuer and the Issuer Trustee that, for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other government stock as such financial adviser may recommend) and (ii) 0.50 per cent,

For the purposes of these Conditions, "**Gross Redemption Yield**" means a yield expressed as a percentage and calculated on a basis consistent with the basis indicated by the United Kingdom Debt Management Office publication "Formulae for Calculating Gilt Prices from Yields" published 8 June 1998 with effect from 1 November 1998 and updated on 16 March 2005 (and as further updated, supplemented, amended or replaced from time to time) page 5 or any replacement therefor; "**Reference Date**" means the date which is two Business Days prior to the despatch of the notice of redemption under these Conditions; and "**Reference Gilt**" means the Treasury Stock specified in the relevant Final Terms (or, where the financial adviser advises the Issuer Trustee that, for reasons of illiquidity or otherwise, such Reference Gilt is not appropriate for such purpose, such other government stock as such financial adviser may recommend, together with, in each case, accrued but unpaid interest thereon to the date of redemption).

(d) **Redemption for Taxation or Other Reasons:** If:

(i) the Issuer has or will become obliged to withhold or deduct amounts as described under Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom (in the case of a payment by the Issuer) or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes;

(ii) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Initial Issue Date, on the next Interest Payment Date, FinCo would be required to deduct or withhold from any present or future payment of principal, interest or other sum due and payable to the Issuer pursuant to the related ICL Loan made under the Intercompany Loan Agreement 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 in the jurisdiction of FinCo or any political sub-division thereof or any authority thereof or therein; or

(iii) by reason of a change in law, which change becomes effective on or after the Initial Issue Date, it has become, or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any loans made by it under the Intercompany Loan Agreement,

then the Issuer may, in order to avoid the relevant deductions, withholding or illegality, but is not obliged to, use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction as principal debtor under the Notes and as lender under the Intercompany Loan Agreement upon satisfying the conditions for substitution of the Issuer as set out in Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*) if such substitution would be effective to avoid the relevant deduction, withholding or illegality. If the Issuer is unable to arrange a substitution as described above having used reasonable endeavours to do so and, as a result, the relevant deduction, withholding or illegality is continuing then the Issuer may redeem the Notes at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Issuer Trustee and Noteholders in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 7(c) above) (together with (without double counting) interest accrued to the date fixed for redemption), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to substituting the relevant company as a substitute Issuer, or prior to the publication of any notice of redemption pursuant to this Condition 7(d) (as applicable), the Issuer shall deliver to the Issuer Trustee:

(A) a certificate signed by two directors of the Issuer stating that (I) the obligation referred to in (i), (ii) or (iii) above, as applicable, has arisen and cannot be avoided by the Issuer taking reasonable measures available to it and setting out details of such circumstance and the Issuer Trustee shall be entitled to accept such certificate as sufficient evidence that the obligation referred to in (i), (ii) or (iii), as applicable, has arisen and cannot be avoided, in which event it shall be conclusive and binding on Noteholders and Couponholders and (II) (in the case of a redemption by the Issuer in accordance with this Condition) confirming:

(a) that no Issuer Enforcement Notice has been delivered to it by the Issuer Trustee; and

(b) that it will have the necessary funds required to redeem the Notes in full and pay any amounts required under the then applicable Issuer Priorities of Payments to be paid in priority to or *pari passu* with such redemption; and

(B) a legal opinion (in form and substance satisfactory to the Issuer Trustee) from a firm of lawyers in the Issuer's jurisdiction and/or any other relevant jurisdiction, in each case (approved in writing by the Issuer Trustee), opining on the relevant change in regulation or law.

Any certificate and legal opinion given by or on behalf of the Issuer pursuant to this Condition may be relied on by the Issuer Trustee without further investigation and shall be conclusive and binding on all Noteholders.

(e) **Early Redemption on prepayment of an ICL Loan under the Intercompany Loan Agreement:** If:

(i) FinCo gives notice to the Issuer under the Intercompany Loan Agreement in relation to an ICL Loan that it intends to prepay all or part of any such ICL Loan or FinCo is required to prepay all or part of any ICL Loan made under the Intercompany Loan Agreement; and

(ii) in each case, such ICL Loan was funded by the Issuer from the proceeds of a Tranche of Notes,

the Issuer shall, upon giving not more than 30 nor less than 5 Business Days' notice to the Issuer Trustee, the Issuer Secured Participants and the Noteholders in accordance with Condition 17 (*Notices*) (and provided that in each case such notice shall expire on an Interest Payment Date), redeem (where such ICL Loan is being prepaid in whole) all of the relevant Tranche of Notes or (where part only of such ICL Loan is being prepaid) the proportion of the relevant Tranche of Notes which the proposed prepayment amount bears to the amount of the Outstanding Principal Amount of the relevant ICL Loan, in each case at the Early Redemption Amount (as described in Condition 7(c) (*Early Redemption*) above), together with (without double counting) accrued interest thereon, calculated in respect of the Tranche of Notes (or part thereof to be redeemed).

(f) **Early Redemption following an Obligor Event of Default**: If the Issuer receives (or is to receive) any moneys from FinCo when an Obligor Event of Default is outstanding (and following the delivery of an Obligor Enforcement Notice pursuant to the STID) in repayment of all or any part of an ICL Loan, the Issuer shall, upon giving not more than 30 nor less than 5 Business Days' notice to the Issuer Trustee, the Issuer Secured Participants and the Noteholders in accordance with Condition 17 (*Notices*) apply such moneys in accordance with the relevant Issuer Priorities of Payments to redeem the then outstanding Tranche of Notes (corresponding to the ICL Loan which has been prepaid) at their Outstanding Principal Amount plus accrued but unpaid interest on the next Interest Payment Date (or, if sooner, Final Maturity Date)). In the event that there are insufficient moneys to redeem all of the Notes outstanding of a particular Tranche together with accrued interest thereon, the Notes of such Tranche shall be redeemed in part in the proportion which the Outstanding Principal Amount of such ICL Loan to be prepaid in part bears to the total aggregate Outstanding Principal Amount of such ICL Loan, together with (without double counting) accrued interest thereon.

(g) **Purchases by the Issuer:** The Issuer may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price, provided that such Notes are then cancelled in accordance with paragraph (i) below.

(h) **Purchases by the Obligors and Non-Restricted Group Entities:** Each of the Obligors or a Non-Restricted Group Entity may at any time purchase Notes in the open market or otherwise at any price, in accordance with (where applicable) the provisions of the Common Terms Agreement (and provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith), provided that any Notes purchased by any Obligor shall be immediately surrendered to the Issuer and cancelled in accordance with paragraph (i) below and provided further that the Non-Restricted Group Entity shall have no voting rights in respect of such Notes in accordance with Condition 12.

(i) **Cancellation:** All Notes purchased by the Issuer or any Obligor will be immediately, and any Notes purchased by a Non-Restricted Group Entity may be, surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Principal Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged. Upon such cancellation, there shall be a corresponding cancellation and deemed repayment in the principal amount outstanding of the corresponding ICL Loan.

8 Payments and Talons

(a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and, as appropriate, surrender of the relevant Notes or Coupons (in the case of interest, save as specified in Condition 8(e)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States of America, by transfer to an account denominated in Sterling with a Bank. "**Bank**" means a bank in London.

(b) **Registered Notes**:

(i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in Sterling. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives or other laws to which the Issuer or its Agents agree to be subject and neither the Issuer nor its Agents will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of this Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) **Appointment of Agents:** The Principal Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below or as set out in the Master Definitions Agreement. The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time, provided it has supplied the proper notice specified in the Paying Agency Agreement to vary or terminate the appointment of the Agents and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Issuer Trustee and (vii) a Paying Agent with a specified office in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders by the Issuer.

(e) **Unmatured Coupons and unexchanged Talons**:

(i) Upon the due date for redemption of Bearer Notes which are Fixed Rate Notes, such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount or Early Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be.

(f) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

(g) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

9 Taxation

All payments of principal, interest and premium (if any) by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer any Paying Agent, the Registrar or the Issuer Trustee 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. None of the Issuer, any Paying Agent, the Registrar or the Issuer Trustee will be obliged to make any additional payments to the Noteholders or the Couponholders in respect of such withholding or deduction. The Issuer, any Paying Agent, the Registrar or the Issuer Trustee may require holders to provide such certifications and other documents as required by applicable law in order to qualify for exemptions from applicable tax laws.

10 Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Issuer Events of Default

(a) If any of the following events ("**Issuer Events of Default**") occurs and is continuing, the Issuer Trustee at its discretion may, and if so requested by holders of at least one-fifth in Outstanding Principal Amount of the Notes then outstanding or if so directed by a Noteholder Extraordinary Resolution shall (subject in all cases to its being indemnified, prefunded or secured to its satisfaction), deliver a notice to the Issuer in writing (an "**Issuer Enforcement Notice**") that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(i) **Non-Payment:** default is made for more than 5 Business Days (in the case of interest) or 3 Business Days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or

(ii) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Note Trust Deed or any other Issuer Document which default is incapable of remedy or, if in the opinion of the Issuer Trustee capable of remedy, is not in the opinion of the Issuer Trustee remedied within 30 days (or such longer period as the Issuer Trustee may permit) after notice of such default shall have been given to the Issuer by the Issuer Trustee; or

(iii) **Insolvency Event:** an Insolvency Event occurs in respect of the Issuer; or

(iv) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Note Trust Deed,

provided that in the case of paragraph (ii) the Issuer Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

(b) **Obligor Event of Default**: at any time after the occurrence of an Obligor Event of Default, (i) subject to and in accordance with the provisions of the STID, the Issuer Trustee may request the Obligor Security Trustee to take such steps as it may think fit to enforce the Obligor Security and (ii) subject to and in accordance with the provisions of the STID, the Issuer may accelerate or demand or otherwise enforce the Intercompany Loan Agreement.

12 Meetings of Noteholders, Modification, Waiver and Substitution

(a) **Restriction on Non-Restricted Group Entity voting**: For the purposes of paragraphs (b) to (g) (inclusive) below, and any other Condition herein relating to the votes of Noteholders, the Outstanding Principal Amount of the Notes held by a Non-Restricted Group Entity will not be included in determining whether any voting threshold has been met, no Non-Restricted Group Entity shall have a vote in respect of the Notes held by them, and such Notes shall not be considered to be 'outstanding' as defined in the Master Definitions Agreement. Non-Restricted Group Entities may, however, attend the Noteholders meetings.

(b) **Meetings of Noteholders**: The Note Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the modification of these Conditions, the Note Trust Deed and any other Issuer Document (as defined in the Master Definitions Agreement). Any modification of these Conditions, the Note Trust Deed and any other Issuer Document may, subject to a Basic Terms Modification as described below, be made if sanctioned by a Noteholder Extraordinary Resolution (as defined in the Note Trust Deed) passed at a meeting of the Noteholders duly convened and held in accordance with the Note Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in Outstanding Principal Amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider a Noteholder Extraordinary Resolution shall be two or more persons holding or representing a clear majority in Outstanding Principal Amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the Outstanding Principal Amount of the Notes held or represented. A Noteholder Extraordinary Resolution shall be duly passed at such a meeting if voted on and supported by not less than 75 per cent. of the votes cast.

If the business of such meeting includes consideration of any of the following proposals:

(i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest on the Notes;

(ii) to reduce or cancel the Outstanding Principal Amount of, or any premium payable on redemption of, the Notes;

(iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes;

(iv) to vary any method of, or basis for, calculating the Final Redemption Amount or the Early Redemption Amount;

(v) to vary the currency or currencies of payment or denomination of the Notes (other than in the event of the adoption of the euro as its lawful currency by the United Kingdom);

(vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Noteholder Extraordinary Resolution;

(vii) other than pursuant to Condition 12(e) (*Substitution*), to effect the exchange, conversion or substitution of any Tranche of Notes for, or their conversion into, shares, Notes or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;

(viii) to alter the Issuer Priorities of Payments insofar as such alteration would affect any Tranche of Notes; or

(ix) to amend this definition,

(each a "**Basic Terms Modification**"), then the necessary quorum for a Basic Terms Modification shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in Outstanding Principal Amount of the Notes for the time being outstanding. Any Noteholder Extraordinary Resolution in respect of a Basic Terms Modification shall be duly passed at such a meeting if voted on and supported by not less than 75 per cent. of the votes cast, and if duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Note Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in Outstanding Principal Amount of the Notes outstanding shall for all purposes be as valid and effective as a Noteholder Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Subject to the following sentence, such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(c) **Modification of, and waivers in respect of, the Issuer Documents**: The Issuer Trustee may agree, without the consent of the Noteholders or Couponholders, to:

(i) any modification of any of the provisions of the Issuer Documents (other than the Common Documents, the amendment of which is subject to the terms of the STID) that is of a formal, minor or technical nature or is made to correct a manifest error; and

(ii) any other modification (other than a Basic Terms Modification), or any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Issuer Documents (other than the Common Documents, any modification, waiver or authorisation of breach of which is subject to the STID), or determine that an Issuer Event of Default or an Issuer Potential Event of Default shall not be treated as such, that in each case is in the opinion of the Issuer Trustee not materially prejudicial to the interests of the Noteholders,

provided that in relation to (ii) above (and in relation only to the waiver or authorisation of any breach or proposed breach or a determination that an Issuer Event of Default or an Issuer Potential Event of Default shall not be treated as such), the Issuer Trustee shall not exercise any powers conferred on it hereby in contravention of any express direction given by Noteholder Extraordinary Resolution of the holders of the Notes then outstanding in accordance with this Condition or of a request in writing made by holders of not less than 25 per cent. in aggregate of the principal amount of the Notes then outstanding but no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Issuer Trustee requires otherwise, such modification shall be notified by the Issuer to the Noteholders as soon as practicable.

(d) **Relationship with Secured Participants and STID Matters**:

(i) **STID Matters:** There are specific voting matters set out in the STID in respect of which all Qualifying Secured Participants will be entitled to vote. The Noteholders shall be entitled to vote on such matters through the Issuer Trustee (acting as the Secured Participant Representative of the Issuer) only, in order to direct the Issuer (as a Qualifying Secured Participant) how to vote in respect thereof. Such voting matters include STID Proposals, Direction Notices, Enforcement Instruction Notices and Further Enforcement Instruction Notices ("**STID Matters**").

In respect of STID Matters, each category of Qualifying Secured Participants (determined in accordance with the STID), including the Issuer, will be allocated a number of votes which is proportionate to the Outstanding Principal Amount of the debt owed to them. For the purpose of voting in connection with a STID Matter, the Obligor Security Trustee shall send a STID Voting Request to the Issuer Trustee (as the Secured Participant Representative on behalf of the Issuer) for onward distribution to the Noteholders, which shall specify the time limit in which the Noteholders are required to vote in order to instruct the Issuer Trustee how to vote as Secured Participant Representative on behalf of the Issuer.

In respect of the amounts owed to the Issuer at any time under the Intercompany Loan Agreement and each ICL Loan, and the corresponding Tranche of Notes, the Secured Participant is the Issuer and the Secured Participant Representative of the Issuer is the Issuer Trustee (voting as directed by the Noteholders of the corresponding Tranche of Notes in accordance with the terms of the Note Trust Deed and other Issuer Documents). The Issuer, which has secured its rights under each ICL Loan and the Intercompany Loan Agreement in favour of the Issuer Trustee pursuant to the Issuer Deed of Charge, shall not vote in respect of any STID Matter.

The Issuer Trustee (as the Secured Participant Representative on behalf of the Issuer) shall vote on any STID Matter other than Entrenched Rights of the Issuer as instructed by Noteholders voting through the STID Direct Voting Mechanic in accordance with Condition 12(d)(ii) below.

The Issuer Trustee (as the Secured Participant Representative on behalf of the Issuer) shall vote on any STID Matter which constitutes an Entrenched Right in accordance with Condition 12(d)(iii) below.

Irrespective of the result of voting by Noteholders in relation to any STID Matter (other than in relation to an Entrenched Right of the Issuer), the decision in respect of such STID Matter after voting by all Qualifying Secured Participants in accordance with the STID shall be binding on all of the Qualifying Secured Participants (including the Issuer).

The Issuer Trustee shall, following receipt from the Obligor Security Trustee of the result of any vote in respect of a STID Voting Request, promptly notify Noteholders in accordance with Condition 17 (*Notices*).

(ii) **Voting in respect of STID Matters not affecting Entrenched Rights**: In respect of an ICL Loan under the Intercompany Loan Agreement and the corresponding Tranche of Notes and a STID Matter (other than in respect of an Entrenched Right in respect of which the Issuer is an Affected Secured Participant), the Noteholders shall vote through the STID Direct Voting Mechanic (as defined in the Master Definitions Agreement) in order to instruct the Issuer Trustee (as Secured Participant Representative of the Issuer) how to vote on such STID Matter on behalf of the Issuer. The STID Direct Voting Mechanic entitles each Noteholder to instruct the Issuer Trustee through the clearing systems in accordance with the terms of the Note Trust Deed to vote on its behalf.

As more fully set out in the Note Trust Deed, voting in connection with such STID Direct Voting Mechanic shall be determined on a pound-for-pound basis by reference to the Outstanding Principal Amount owed to each of the Noteholders voting so that all votes in favour of the proposal and all votes against the proposal are considered on an aggregate basis. Therefore, votes of Noteholders in respect of a STID Matter shall be cast by the Issuer Trustee (as Secured Participant Representative of the Issuer):

(a) subject to paragraph (c) below, in an amount equal to the aggregate of the Outstanding Principal Amount of each Note which voted for the relevant STID Matter through the STID Direct Voting Mechanic, for such STID Matter;

(b) subject to paragraph (c) below, in an amount equal to the aggregate of the Outstanding Principal Amount of each Note which voted against the relevant STID Matter through the STID Direct Voting Mechanic, against such STID Matter;

(c) if in respect of a STID Matter:

(I) 25 per cent. or more of the Outstanding Principal Amount of such Tranche of Notes voted directly through the STID Direct Voting Mechanic; and

(II) 75 per cent. or more of the Outstanding Principal Amount of the Notes which so voted, voted the same way,

then the above paragraphs (a) and (b) shall not be applied and the entire Outstanding Principal Amount of such Tranche of Notes will count as having voted in the way of such majority;

(iii) **Voting in respect of STID Matters in relation to Entrenched Rights**: In respect of an ICL Loan under the Intercompany Loan Agreement and the corresponding Tranche of Notes and a STID Matter in relation to an Entrenched Right in respect of which the Issuer is an Affected Secured Participant, such STID Matter shall not be voted on through the STID Direct Voting Mechanic and the Issuer Trustee shall convene a meeting of any one or more of such corresponding Tranches of Noteholders in accordance with Condition 12(b) to consider such STID Matter, and in order to instruct the Issuer Trustee (as Secured Participant Representative of the Issuer) how to vote on such STID Matter on behalf of the Issuer. The Issuer Trustee (as Secured Participant Representative) shall vote the entire Outstanding Principal Amount of such Tranche of Notes as either for or against the STID Proposal as directed to do so by a Noteholder Extraordinary Resolution, provided that, where the approval of the STID Proposal would require an equivalent change to be made to these Conditions or any Issuer Document and such equivalent change would constitute a Basic Terms Modification, the additional special quorum requirements that apply to Basic Terms Modifications will also apply to the Noteholder approval of the STID Proposal.

No STID Matter that gives rise to an Entrenched Right in respect of which the Issuer is an Affected Secured Participant can be approved, in accordance with the terms of the STID, unless either (i) it has previously been approved by the Issuer Trustee, as Secured Participant Representative, acting as directed by a Noteholder Extraordinary Resolution of the Noteholders of the Tranche of Notes corresponding to the ICL Loan in respect of which the Issuer is the Affected Secured Participant (in accordance with this Condition) or (ii) the applicable time period for such STID Matter has passed since the Noteholders were notified of such STID Matter (and if such holders fail to vote within the allocated time period, they shall have deemed to have consented to the relevant STID Matter).

(iv) **Issuer Trustee Obligation to Notify Noteholders**: the Note Trust Deed requires the Issuer Trustee to notify Noteholders of a decision required of them pursuant to the STID in relation to the matters described in the foregoing provisions of this Condition 12(d), and/or to convene a meeting of Noteholders (in the circumstances in which that is permitted or required under the terms of the STID) in sufficient time for the Noteholders to vote on the relevant matter within the time periods required by the STID.

(e) **Substitution:** The Note Trust Deed contains provisions permitting the Issuer Trustee to agree, subject to such amendment of the Note Trust Deed and such other conditions as the Issuer Trustee may require, without the consent of the Noteholders or the Couponholders but subject to the prior written consent of the other Secured Participants in accordance with the STID (if required), to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or their successor in business, or of any previous substituted company, as principal debtor under the Note Trust Deed and the Notes (including as contemplated at Condition 7(d) (*Redemption for Taxation or Other Reasons*) above). In the case of such a substitution the Issuer Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Note Trust Deed provided that such change would not in the opinion of the Issuer Trustee be materially prejudicial to the interests of the Noteholders and shall not at the time of such change result in a downgrading of any rating assigned to the Notes.

(f) **Entitlement of the Issuer Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Issuer Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Issuer Trustee shall not be entitled to require, nor shall any

Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

13 Enforcement, Limited Recourse and Non-petition

(a) **Enforcement**: Subject always to the Issuer Deed of Charge and the Note Trust Deed, at any time after the Notes become due and payable, the Issuer Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Note Trust Deed, the Notes and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by a Noteholder Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in Outstanding Principal Amount of the Notes outstanding, and (b) it shall have been prefunded, secured and/or indemnified to its satisfaction. Only the Issuer Trustee may pursue the remedies available under the Note Trust Deed to enforce the rights of the Noteholders and the Couponholders and no Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Issuer Trustee, having become bound to proceed in accordance with the terms of the Note Trust Deed, fails to do so.

(b) **Limited Recourse**:

(i) **Enforcement of Issuer Security**: Only the Issuer Trustee may enforce the Issuer Security over the Issuer Charged Property in accordance with, and subject to the terms of, the Issuer Deed of Charge.

(ii) **Insufficient Recoveries**: If, or to the extent that, after the Issuer Charged Property has been as fully as practicable realised and the proceeds thereof have been applied in accordance with the applicable Issuer Priorities of Payments the amounts recovered on realisation of the Issuer Charged Property are insufficient to pay or discharge amounts due from the Issuer to the Noteholders or the Couponholders in full for any reason, the Issuer will have no liability to pay or otherwise make good any such insufficiency, and any claim of Noteholders and Couponholders for any residual amount owing to them shall be extinguished.

(c) **Non-Petition**: No Noteholder or Couponholder may 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 a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of the Issuer or over any or all of its assets or undertaking. No Noteholder may take any action to enforce the Issuer Security (unless the Issuer Trustee, having become bound to do so, fails to act), nor take any action which would result in the Issuer Priorities of Payments (as defined in the Master Definitions Agreement) not being observed.

14 Indemnification of the Issuer Trustee

The Note Trust Deed contains provisions for the indemnification of the Issuer Trustee and for its relief from responsibility.

The Issuer Trustee may rely without incurring any liability to Noteholders, Couponholders or any other party for so doing, on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether such expert's liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Issuer Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Issuer Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Issuer Trustee and the Noteholders.

15 Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

16 Further Issues

The Issuer may, subject to the Issuer Deed of Charge, from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue, provided that in all such cases, a further ICL Loan is made in accordance with the Intercompany Loan Agreement. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Note Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Issuer Trustee), be constituted by the Note Trust Deed. The Note Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Issuer Trustee so decides.

17 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and so long as the Notes are listed on the Irish Stock Exchange notices to the holders of the Notes shall also be published in accordance with the requirements of the Irish Stock Exchange applicable from time to time. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with 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 is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19 Governing Law and Jurisdiction

(a) **Governing Law**: The Note Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction**: Any dispute, claim, difference or controversy arising out of, relating to or having any connection with any Notes, Coupons or Talons (including any dispute as to the existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with such Notes, Coupons or Talons) (a "**Dispute**") shall be subject to the exclusive jurisdiction of the courts of England and Wales to settle any such Dispute, and the Issuer has in the Note Trust Deed submitted to the exclusive jurisdiction of such courts.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [•]

INTU (SGS) FINANCE PLC
Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]
under the £5,000,000,000 Programme for the Issuance of Notes

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●] [and the supplemental Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC, as amended from time to time, including pursuant to Directive 2010/73/EU) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented][1]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing final terms or adding information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

[1] This sentence may be deleted or modified in the case of a Tranche of Notes which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive

1. Issuer:		[ ]
2.	[(i)] Series Number:	[ ]
	[(ii) Tranche Number:	[ ]
	(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]	
3.	Specified Currency:	GBP
4.	Aggregate Principal Amount of Notes:	[ ]
	[(i)] Series:	[ ]
	[(ii) Tranche:	[ ]]
5.	Issue Price:	[ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6.	(i) Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Notes in definitive form will be issued with a denomination above £199,000
		(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required.)
	(ii) Calculation Amount:	[ ]
7.	(i) Issue Date:	[ ]
	(ii) Interest Commencement Date	[*specify*]/[Issue Date]/[*Not Applicable*]
8.	Expected Maturity Date:	*[for Fixed Rate Notes, specify date or for Floating Rate Notes, the Interest Payment Date falling in or nearest to the relevant month and year]*
	Final Maturity Date:	*[for Fixed Rate Notes, specify date or for Floating Rate Notes, the Interest Payment Date falling in or nearest to the relevant month and year]*
9.	Interest Basis:	[[•] per cent. fixed rate] [[ISDA Rate/LIBOR] +/– [•] per cent. Floating Rate]

		(further particulars specified below)
10.	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Final Maturity Date at [100] per cent of their Outstanding Principal Amount]
11.	(i) Status of the Notes:	Senior
	(ii) [Date [Board] approval for issuance of Notes obtained:	[ ] [and [ ], respectively]]
		(N.B. only relevant where board (or similar) authorisation is required for the particular tranche of Notes)
12.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed Rate Note Provisions	[Applicable]/[Non-applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate[(s)] of Interest:	[ ] per cent. per annum payable [*annually/semi-annually/quarterly/monthly* in arrear]
	(ii) Interest Payment Date(s):	[ ] in each year [adjusted in accordance with the Business Day Convention/not adjusted]
	(iii) Business Day Convention:	[Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention]/[not adjusted]
	(iv) Business Centre(s):	[ ]/[Not Applicable]
	(v) Fixed Coupon Amount[(s)]:	[ ] per Calculation Amount
	(vi) Broken Amount(s):	[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]
	(vii) Day Count Fraction:	[Actual/Actual/ Actual/Actual-ISDA / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/Actual (ICMA)]
	(viii) [Determination Dates:]	[ ] in each year *(insert regular interest payment dates, ignoring Issue Date or Final Maturity Date in the case of a long or short first or last coupon. Note: only relevant where Day Count Fraction is Actual/Actual(ICMA)]* /[Not Applicable]
14.	Floating Rate Note Provisions	Applicable/Not Applicable] *(If not applicable, delete the remaining sub-*

		paragraphs of this paragraph)
(i)	Interest Period(s):	[ ]
(ii)	Specified Interest Payment Dates:	[ ] subject to adjustment in accordance with the Business Day Convention specified below
(iii)	First Interest Payment Date	[ ]
(iv)	Interest Period Date:	[ ]/ [Not applicable] *(Not applicable unless different from Interest Payment Date)*
(v)	Business Day Convention:	[Floating Rate Business Day Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention]/[unadjusted]
(vi)	Business Centre(s):	[ ]/ [Not Applicable]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Calculation Agent]):	[ ]
(ix)	Screen Rate Determination:	
	– Reference Rate:	[ ]
	– Interest Determination Date(s):	[ ]
	– Relevant Screen Page:	[ ]
(x)	ISDA Determination:	
	– Floating Rate Option:	[ ]
	– Designated Maturity:	[ ]
	– Reset Date:	[ ]
	– ISDA Definitions:	[2000/2006]
(xi)	Margin(s):	[+/-][ ] per cent. per annum
(xiv)	Day Count Fraction:	[Actual/Actual / Actual/Actual-ISDA / Actual/365 (Fixed) /Actual/365 (Sterling)/ Actual/Actual - ICMA]

PROVISIONS RELATING TO REDEMPTION

15.	**Final Redemption Amount of each Note**	[ ] per Calculation Amount

16.	**Early Redemption Amount**	
	(i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	[ ] [Spens/Modified Spens] (*include if applicable*)
	(ii) Reference Gilt:	[[●]/ Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

17.	**Form of Notes:**	**[Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [**Registered Notes:** Regulation S Global Note registered in the name of a nominee for [a Common Depositary for Euroclear and Clearstream, Luxembourg/a Common Safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]
18.	New Global Note:	[Yes] [No]
19.	Financial Centre(s) or other special provisions relating to payment dates:	[ ] [Not Applicable] [*Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15(ii), 16(v) and 18(ix) relate*]
20.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	Yes/No [*If yes, give details*]
21.	Consolidation provisions:	[In accordance with Condition 16 (*Further Issues*)] [Not Applicable]

DISTRIBUTION

22.	(i) If syndicated, names of	[Not Applicable]/[*Specify name(s)*]

		Managers:	
	(ii)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
23.	If non-syndicated, name of Dealer:		[Not Applicable/*give name*]
24.	U.S. Selling Restrictions		Reg. S Compliance Category; [TEFRA C/ TEFRA D/ TEFRA not applicable]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the [*specify relevant regulated market*] of the Notes described herein pursuant to the £5,000,000,000 Programme for the Issuance of Notes of Intu (SGS) Finance plc.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [(*Relevant third party information*) has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Intu (SGS) Finance plc:

By: ....
Duly authorised

PART B – OTHER INFORMATION

1	**LISTING**	
	(i) Admission to trading:	[Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.] [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*]with effect from [ ].] [Not Applicable.] *(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
	(ii) Estimate of total expenses related to admission to trading:	[ ]
2	**RATINGS**	
	Ratings:	The Notes to be issued have been rated: [S & P: [ ]sf] [[Other]: [ ]] *[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**").*

3 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

[Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4 **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer	[ ]

		(See ["Use of Proceeds"] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]
	[(ii)] Estimated net proceeds:	[ ]
		(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)
	[(iii) Estimated total expenses:	[ ]
		(only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]
5	**[Fixed Rate Notes only – YIELD**	
	Indication of yield:	[ ]
		The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
6	**OPERATIONAL INFORMATION**	
	ISIN Code:	[ ]
	Common Code:	[ ]
	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s) [and address(es)]*]
	Delivery:	Delivery [against/free of] payment
	Names and addresses of additional Paying Agent(s) (if any):	[ ]
	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes][No] [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as Common Safekeeper,][*include this text for Registered Notes*]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being

satisfied that Eurosystem eligibility criteria have been met.][*include this text if "yes" selected in which case bearer Notes must be issued in NGN form*]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

If the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depositary for Euroclear and Clearstream, Luxembourg or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the principal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such Clearing System shall be conclusive evidence of the principal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the TEFRA C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Transaction – The Programme – Selling Restrictions*", on page 21, above), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Paying Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

3.2 Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not in part for Definitive Notes if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any 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 in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Permanent Global Certificates

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

(i) if the 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; or

(ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the registered holder has given the Registrar not less than 30 days' notice at its specified office of the registered holder's intention to effect such transfer.

3.4 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Principal Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Note Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.5 Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the city in which the relevant clearing system is located.

4 Amendment to Conditions

The Temporary Global Notes, Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the TEFRA D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Paying Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 8(d)(vii) will apply to the Definitive Notes only. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the principal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 6).

4.3 Meetings

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each integral currency unit of Sterling of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of Sterling of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Permanent Global Note.

4.5 Purchase

Notes represented by a Permanent Global Note may only be purchased by the Issuer if they are purchased together with the rights to receive all future payments of interest thereon.

4.6 NGN principal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the principal amount of the Notes represented by such Global Note shall be adjusted accordingly.

4.7 Issuer Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Issuer 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 such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.8 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that if and for so long as the Notes are listed on a stock exchange, all notices to holders of the Notes will be published in accordance with the rules of such exchange.

5 Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then for the purpose of determining whether a Written Resolution (as defined in the Note Trust Deed) has been validly passed, the Issuer and the Issuer Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Issuer Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Issuer Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective.

(c) As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal amount of the Notes is clearly identified together with the amount of such holding. The Issuer and the Issuer Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

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. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

1 Interest on the Notes

The 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 Irish Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the Irish Stock Exchange if they are both admitted to trading on the Irish Stock Exchange and are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area.

Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the 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.

Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual, or (ii) paying amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual, may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, in relation to amounts payable on the redemption of such Notes HM Revenue & Customs published practice indicates that HM Revenue & Customs will not exercise its power to obtain information where such amounts are paid or received on or before 5 April 2014.

Where 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 and reporting requirements as outlined in this Taxation section.

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes should not generally constitute interest for United Kingdom withholding tax purposes and therefore should not be subject to any United Kingdom withholding tax (as applicable to interest). Such discount element may, however, be subject to reporting requirements as outlined in this Taxation section.

2 EU Directive on the Taxation of Savings Income

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

SUBSCRIPTION AND SALE

Summary of Programme Agreement

Subject to the terms and on the conditions contained in a Programme Agreement dated on or about 8 March 2013 between, amongst others, the Issuer, the Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse each Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer, each Obligor and Parent have each agreed to indemnify the Dealers and Arrangers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Issuer may, from time to time, request an increase in the Programme Limit by delivering a letter giving notice of such an increase to, amongst others, the permanent Dealers. From the date specified in such notice, all references in the Issuer Documents and the procedures memorandum appendixed to the Programme Agreement being in a certain nominal amount, shall be to the Programme Limit in the increased nominal amount.

United States

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, 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.

Bearer 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 and regulations thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Principal Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify such Dealer when all such Dealers have so certified), 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 Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Relevant Member State, each Dealer 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 Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms 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 Dealer or Dealers 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 Notes referred to in (b) to (d) above shall require the Issuer or any Dealer 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 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe the 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 Dealer 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 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 Notes in, from or otherwise involving the United Kingdom.

Ireland

Each Dealer has represented and agreed with the Issuer that:

(a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the MiFID Regulations, including, without limitation, Parts 6, 7 and 12 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;

(b) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the Irish Companies Acts 1963 to 2009 (as amended), the Irish Central Bank Acts 1942 – 2010 (as amended) and any codes of conduct rules made under Section 117(1) of the Irish Central Bank Act 1998;

(c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank; and

(d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank.

South Africa

In relation to South Africa, each Dealer has (or will have) represented, warranted and agreed that it will not solicit any offers for subscription for or sale of the Notes, and will itself not sell the Notes, in South Africa, in contravention of the South African Banks Act, 1990, the South African Exchange Control Regulations, 1961 promulgated pursuant to the South African Currency and Exchanges Act, 1933 and/or any other applicable laws and regulations of South Africa in force from time to time and it will not make an "offer to the public" (as such expression is defined in the South African Companies Act, 2008 (the "Companies Act, 2008") of Notes (whether for subscription, purchase or sale) in South Africa. Accordingly, this Prospectus does not, nor is it intended to, constitute a "registered prospectus" (as contemplated in the Companies Act, 2008).

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms in all cases at its own expense.

GENERAL INFORMATION

(1) The establishment of the Programme and the issue of the Notes thereunder were duly authorised by resolutions of the board of directors of the Issuer passed on 7 March 2013.

(2) It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a temporary or Permanent Global Note (or one or more Certificates) in respect of each Tranche. The listing of the Programme in respect of the Notes is expected to be granted on or before 8 March 2013. The estimated expense of admission to trading on the regulated market of, and listing on, the Irish Stock Exchange is €4,500.

However, Notes may also be issued pursuant to the Programme which will not be admitted to trading on the regulated market of, or be listed on, the Irish Stock Exchange or any other regulated market in a Member State of the European Union or any stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealers may agree.

(3) Application will be made to the Irish Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to be admitted to trading on the Irish Stock Exchange's regulated market

(4) Each of the Issuer and the Obligors have obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme.

(5) Neither the Issuer nor any Obligor is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or any Obligor is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or any Obligor (respectively).

(6) Each Bearer Note, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

(7) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms. If any Notes are to clear through an additional or alternative clearing system, the appropriate information for each Tranche of Notes will be specified in the applicable Final Terms.

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. The address of any alternative clearing system will be specified in the applicable Final Terms.

(8) Save as disclosed in this Prospectus, there has been no material adverse change in the financial position or prospects of the Issuer, FinCo or any of the Obligors and no significant change in the trading or financial position of the Issuer, FinCo or any of the Obligors since its last published audited financial statements.

(9) Save as disclosed in this Prospectus, neither the Issuer nor FinCo has any outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer nor FinCo created any mortgage, charge or security or given any guarantees.

(10) The financial year end in respect of each of the Obligors and the end of the accounting period in respect of the Issuer and FinCo is on 31 December in each year. FinCo will publish interim accounts. The Issuer will not publish interim accounts.

(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 issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

(13) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, in electronic format, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer:

(i) the Memorandum and Articles of Association of the Issuer, FinCo and the Obligors;

(ii) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of Notes and identity);

(iii) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus; and

(iv) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus;

(v) the Common Terms Agreement;

(vi) the Security Trust and Intercreditor Deed;

(vii) the Obligor Deed of Charge;

(viii) the Obligor Floating Charge Agreement;

(ix) the initial Standard Security;

(x) the initial Assignation of Income;

(xi) the Intercompany Loan Agreement;

(xii) the Obligor Account Bank Agreement;

(xiii) the Obligor Cash Management Agreement;

(xiv) the Property Administration Agreement;

(xv) the Issuer Account Bank Agreement;

(xvi) the Issuer Cash Management Agreement;

(xvii) the Tax Deed of Covenant;

(xviii) the Master Definitions Agreement;

(xix) the Programme Agreement;

(xx) each Subscription Agreement;

(xxi) the Note Trust Deed;

(xxii) the Issuer Deed of Charge;

(xxiii) the Paying Agency Agreement; and

(xxiv) the latest Valuation as at the Valuation Cut-Off Date.

This Prospectus and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be published on the website operated by the Irish Stock Exchange.

(14) 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 are the independent auditors to the Issuer and the Security Group.

(15) The Issuer has requested DTZ to prepare the Valuation in connection with the Programme. DTZ (i) has given and has not withdrawn its written consent both to the inclusion in this Prospectus of its Valuation as included at Appendix 2 of this Prospectus, and to references to its Valuation in the form and context in which it appears, and (ii) has authorised the contents of that section of this Prospectus. Furthermore DTZ has provided confirmation that they are not aware of any material change in any matter relating to the Properties since the date of the Preliminary Prospectus which would have a significant effect on the Valuation.

(16) The Issuer has requested Sweett (UK) Limited to prepare the valuation for insurance purposes of the Initial Portfolio. Sweett (UK) Limited has given its consent to the inclusion of the valuation for insurance purposes of the Initial Portfolio, as set out in the section of this Prospectus entitled "*The Portfolio*" on page 92 above.

(17) Marsh Limited has been requested to provide certain confirmations with respect to the Insurances, including as to (i) the current status of such Insurances, and (ii) the consistency of the Insurances with Good Industry Practice. Marsh Limited has given its consent to the inclusion of such confirmations in this Prospectus, as set out in the section of this Prospectus entitled "*The Portfolio – Insurance*" on page 100 above.

GLOSSARY OF DEFINED TERMS

The following terms that are used in this Prospectus have the following meanings:

"**1970 Act**" means the Conveyancing and Feudal Reform (Scotland) Act 1970;

"**1994 Order**" means the Insolvent Partnerships Order 1994;

"**2010 PD Amending Directive**" means the means Directive 2010/73/EU;

"**Acceptable Bank**" means a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of at least A– by S&P or has the Approved Counterparty Rating;

"**Accession Memorandum**" means with respect to the Master Definitions Agreement, STID, the Common Terms Agreement and the Tax Deed of Covenant, each memorandum to be entered into pursuant to the STID, each of which being substantially in the applicable form set out in the STID;

"**Account Bank**" means the Obligor Account Bank or the Issuer Account Bank, as applicable;

"**Accounting Reference Date**" means, for each Obligor, 31 December or as changed in accordance with the Common Terms Agreement;

"**Additional Contributions**" means, in respect of the Cure Right of the Obligors, either the deposit of cash pursuant to any Permitted Subordinated Obligations, or the addition of one or more Eligible Properties to the Portfolio;

"**Additional Financial Indebtedness**" means Financial Indebtedness incurred by FinCo pursuant to an Authorised Finance Facility;

"**Additional Guarantor**" means an entity which becomes an Additional Guarantor in accordance with the STID;

"**Additional Obligor**" means any person not being an Initial Obligor which becomes an Obligor pursuant to the provisions of the STID including having provided the conditions precedent required pursuant to the terms of the Common Terms Agreement;

"**Additional Secured Participant**" means any person not already a Secured Participant which becomes a Secured Participant pursuant to the provisions of the STID;

"**Adjusted Total Collateral Value**" means, at any time, the Total Collateral Value as adjusted by the Asset Criteria Adjustment;

"**Administrative Event**" means, in relation to an Obligor:

(a) the presentation of an application to the court for the appointment of an administrator in relation to the Obligor; or

(b) the giving of written notice by any person (who is entitled to do so) of its intention to appoint an administrator of the Obligor or the filing of such a notice with the court;

in each case, other than any such notice in respect of an application or intention which FinCo or the relevant Obligor reasonably considers to be vexatious, is contesting in good faith and which is dismissed, discharged, stayed or restrained within 45 days of the application;

"**Administrative Receiver**" shall mean an administrative receiver as defined in Section 29(2) of the Insolvency Act 1986 and Section 251 of the Insolvency Act 1986;

"**Advance**" means an advance of Financial Indebtedness under any Authorised Finance Facility;

"**Affected Secured Participant**" means each Secured Participant (including, for the avoidance of doubt, any Hedge Counterparty under any Hedging Agreement) whose Entrenched Rights under any Finance Document are affected by any proposal to modify, waive or amend the Finance Documents;

"**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;

"**Agents**" means the Principal Paying Agent, the Paying Agent, the Irish Paying Agent, any Calculation Agent, the Registrar, the Transfer Agent and any other Agents (as defined in the Paying Agency Agreement);

"**Agreement for Lease**" means an agreement to grant an Occupational Lease of all or part of the relevant Property to which the relevant Property may be subject from time to time;

"**Alternative Clearing System**" means any other permitted clearing system other than Euroclear and Clearstream, Luxembourg;

"**Applicable Accounting Principles**" means generally accepted accounting principles, standards and practices in the United Kingdom, including IFRS;

"**Appropriate Expert**" means (an) independent expert(s) (at the cost of the Obligors) agreed upon by the Determination Dissenting Participants or the Entrenched Right Dissenting Participants, as the case may be, and FinCo or, if no agreement can be reached, then an independent expert chosen by the President for the time being of the Law Society of England and Wales;

"**Approved Counterparty Rating**" means, where a particular counterparty is required to have certain minimum long or short-term ratings from the Rating Agency to maintain the initial ratings on issuance of a Tranche or Series of Notes, that this requirement will be satisfied either by the counterparty having such ratings or, alternatively, that the counterparty rating may depart from the published criteria of the Rating Agency, provided that a Ratings Affirmation is obtained and notice is given in writing to the Obligor Security Trustee by FinCo;

"**Approved Firm**" has the meaning given to it in the Tax Deed of Covenant;

"**Arrangers**" means each of HSBC Bank plc and Merrill Lynch International, and any other entity which the Issuer may appoint as an Arranger in accordance with the provisions of the Programme Agreement but excluding any entity whose appointment has been terminated in accordance with the provisions of the Programme Agreement and notice of such termination has been given to the relevant Principal Paying Agent and the Issuer Trustee, in accordance with the provisions of the Programme Agreement and references to a "**Relevant Arranger**" or the "**Relevant Arranger(s)**" mean, in relation to any Tranche or Series of Notes, the Arranger or Arrangers with whom the Issuer has agreed the issue of the Notes of such Tranche or Series and "**Arranger**" means any one of them;

"**Article 122a**" means the Article 122a of the CRD;

"**Asset Criteria**" means that the Portfolio must comply with the following criteria on the dates referred to in the covenant on asset criteria provided for in the Common Terms Agreement (described on page 126 of this Prospectus):

(a) the Portfolio will comprise at least 4 Prime Shopping Centres;

(b) the Portfolio will include:

(i) at least 1 Prime Shopping Centre in a Major City or Regional Shopping Centre having a minimum of 1,400,000 sq. feet of lettable space; or

(ii) at least 2 Prime Shopping Centres each in a Major City or being a Regional Shopping Centre, and each having a minimum of 1,000,000 sq. feet of lettable space,

in each case including (for the avoidance of doubt) an Eligible JV Interest in a Property or Properties satisfying such criteria;

(i) Eligible JV Interests will not account for, in the aggregate, more than 25 per cent. of the Adjusted Total Collateral Value;

(j) No region in which the Properties are situated, other than London and the South East, may exceed more than 50 per cent. of the Adjusted Total Collateral Value;

(k) Prime Shopping Centres (other than a Regional Shopping Centre) with a primary catchment area that includes a Sub-Regional Centre (but does not include a Regional Centre) may not exceed 25 per cent. of the Adjusted Total Collateral Value; and

(l) during a period of 3 years from the Initial Issue Date, the Portfolio will include Lakeside (provided that, during this period and for the avoidance of any doubt, the Obligors will be permitted to create and dispose of an Eligible JV Interest in Lakeside and include the same in the Portfolio provided that such disposal is in accordance with the Finance Documents),

provided that compliance by the Obligors with the Asset Criteria (other than the criterion in paragraph (f) above) shall be subject to the Asset Criteria Adjustment Mechanism;

"**Asset Criteria Adjustment**" means an amount, determined by FinCo on each date on which any Eligible Property is acquired, disposed of or withdrawn from the Portfolio in accordance with the terms of the Common Terms Agreement, and on such further dates as FinCo may elect, in its sole discretion, equal to any amount of the Market Value of any of the Properties comprising the Portfolio that FinCo wishes to treat as excluded so as to ensure that the Asset Criteria continue to be satisfied, such amount of the Market Value to be excluded to be the aggregate of only so much value of each Property comprising the Portfolio as is sufficient to ensure overall compliance with the Asset Criteria;

"**Asset Criteria Adjustment Mechanism**" means the mechanism pursuant to the relevant provisions of the Common Terms Agreement by which FinCo may at any time at its option attribute an Asset Criteria Adjustment to a Property comprised in the Portfolio for the purpose of ensuring compliance with the Asset Criteria (as adjusted);

"**Assignation of Income**" means an assignation of Income in the form set out in the Obligor Deed of Charge, in relation to the Scottish Lease Documents;

"**Authorisation**" means any authorisation, consent, approval, resolution, licence, (including any Environmental Licence) exemption, filing, registration, notarisation, act, condition or thing;

"**Authorised Entity**" means an institution authorised to carry on banking business (including accepting deposits) under FSMA;

"**Authorised Finance Facility**" means any facility or agreement entered into by FinCo as permitted by and in accordance with the terms of the Common Terms Agreement and the STID, the providers of which (or any agent or trustee on their behalf) are parties to or have acceded to the STID and the Common Terms Agreement, and includes:

(a) the Intercompany Loan Agreement and each ICL Loan thereunder;

(b) each Authorised Loan Facility Agreement;

(c) PP Notes;

(d) the Hedging Agreements;

(e) the Liquidity Facility;

and:

(i) any fee letter, commitment letter or certificate entered into in connection with the foregoing facilities or agreements or the transactions contemplated in the foregoing facilities; and

(ii) any other document (not being a Common Document) that has been entered into in connection with the foregoing facilities or agreements or the transactions contemplated thereby that has been designated as an Authorised Finance Facility for the purposes of this definition by the parties thereto (or any agent or trustee on their behalf) (including at least one Obligor),

provided that, for the avoidance of doubt, no Permitted Other Debt Obligations shall be considered as incurred pursuant to an Authorised Finance Facility;

"**Authorised Finance Facility Agreement**" means the Finance Document or Finance Documents pursuant to which an Authorised Finance Facility is entered into;

"**Authorised Finance Providers**" means a lender or other provider of credit or financial accommodation under any Authorised Finance Facility;

"**Authorised Loan Facility**" means the term or other loan facility made available pursuant to an Authorised Loan Facility Agreement;

"**Authorised Loan Facility Agent**" means:

(a) in relation to the Initial Authorised Loan Facility, HSBC Bank plc; and

(b) in relation to any Authorised Loan Facility, the facility agent appointed in respect of such Authorised Loan Facility,

or, in each case, any successor facility agent appointed pursuant thereto;

"**Authorised Loan Facility Agreements**" means the Initial Authorised Loan Facility Agreement and any further facility agreement that may be entered into, from time to time, between, among others, the relevant Authorised Loan Facility Providers, the relevant Authorised Loan Facility Agent, FinCo and the Obligor Security Trustee under which such Authorised Loan Facility Providers provide one or more Authorised Loan Facilities to FinCo;

"**Authorised Loan Facility Provider**" means the Initial Authorised Loan Facility Providers and the lenders under any Authorised Loan Facility Agreement which have acceded to the STID in accordance with the provisions of the STID;

"**Authorised Loan Finance Document**" means, in relation to an Authorised Loan Facility:

(a) the Common Documents;

(b) the Authorised Loan Facility Agreement;

(c) any fee letters entered into pursuant to or in connection with this Agreement;

(d) any amendment and/or restatement agreement relating to any of the above documents; and

(e) any other agreement or document which the relevant Authorised Loan Facility Agent may from time to time designate as an Authorised Loan Finance Document with the consent of FinCo and the Obligor Security Trustee (such consent not to be unreasonably withheld or delayed);

"**Authorised Loans**" means the principal amount of each borrowing or contingent liability or other form of Financial Indebtedness of FinCo under an Authorised Loan Facility Agreement;

"**Available Funds**" means, on any Business Day, the aggregate of all sums standing to the credit of the Rent and General Account;

"**Basel Committee**" means the Basel Committee on Banking Supervision;

"**Basel II**" has the meaning given to it on page 59 of this Prospectus;

"**Basel III**" has the meaning given to it on page 60 of this Prospectus;

"**Basic Terms Modification**" has the meaning given to it in Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*) of the Notes, being certain matters which, for the avoidance of doubt, are capable of approval by a decision of the Noteholders only;

"**Bearer Note**" means a Note that is in bearer form, and includes any replacement Bearer Note issued pursuant to the Conditions and any Temporary Global Note or Permanent Global Note;

"**Braehead**" means the Prime Shopping Centre known as Braehead, Glasgow, with its address at Kings Inch Road, Glasgow G51 4BN, United Kingdom;

"**Braehead Co 1**" means Braehead Glasgow Limited, a company incorporated in England and Wales with its registered office at 40 Broadway, London SW1H 0BU (registered number 02725146);

"**Braehead Co 2**" means Braehead Park Investments Limited, a company incorporated in England and Wales with its registered office at 40 Broadway, London SW1H 0BU (registered number 02722888) (and together with Braehead Co 1, the "**Braehead Cos**");

"**Break Costs**" means the amount (if any) by which:

(a) the interest (excluding any Margin and Mandatory Costs (each as defined in the relevant Authorised Loan Facility Agreement)) which an Authorised Loan Facility Provider should have received for the period from the date of receipt of all or any part of its participation in an Authorised Loan or an overdue amount to the last day of the current Interest Period in respect of that Authorised Loan or overdue amount, had the principal amount or overdue amount received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which that Authorised Loan Facility Provider would be able to obtain by placing an amount equal to the principal amount or overdue amount received by it on deposit with a leading bank in the relevant interbank market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period;

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks and the relevant financial markets are open for business in London;

"**Calculation Agency Agreement**" means the calculation agency agreement entered into from time to time between, among others, any future Calculation Agent and the Issuer and in the form substantially set out in the Programme Agreement;

"**Calculation Agent**" means HSBC Bank plc as Calculation Agent under the Paying Agency Agreement (or such other Calculation Agent(s) as may be appointed pursuant to the Calculation Agency Agreement from time to time either generally thereunder or in relation to a specific issue or Series of Notes);

"**Calculation Date**" means 30 June and 31 December in each year, unless the T3 Covenant Regime is then in effect, in which case it will mean 31 March, 30 June, 30 September and 31 December in each year;

"**Calculation Period**" or "**Reporting Period**" means, in respect of each Calculation Date, the period of 12 months which ends on (and includes) such Calculation Date;

"**Capital Lease**" means any Lease granted by an Obligor upon terms which would, in the reasonable opinion of the relevant Obligor, require that Obligor in accordance with Applicable Accounting Principles to account for the consideration payable by the lessee as consideration given in respect of a capital disposal of the relevant leasehold interest, rather than as Rental Income;

"**Cash Management Services**" means the Obligor Cash Management Services or the Issuer Cash Management Services, as applicable;

"**Cash Managers**" means each of the Obligor Cash Manager or the Issuer Cash Manager, or any Substitute Cash Manager appointed pursuant to the Obligor Cash Management Agreement or the Issuer Cash Management Agreement, as applicable, and "**Cash Manager**" means any one of them;

"**Central Bank**" mean the Central Bank of Ireland;

"**Centre of Main Interests**" means the "centre of main interests" of the relevant Obligor for the purposes of Council Regulation (EC) No.1346/2000 of 29th May 2000;

"**Certificate**" means in relation to any Registered Notes, a registered certificate representing one or more Registered Notes of the same Series and, save as provided in the Conditions, comprising the entire holding by a holder of Registered Notes of that Series;

"**Certificate of Title**" means each certificate of title, substantially (in relation to the Properties located in England) in the City of London Law Society standard form, 7th edition or (in relation to the Scottish Properties) based on the City of London Law Society standard form 7th edition, amended as appropriate to take account of Scots law, most recently prepared and delivered to the Obligor Security Trustee from time to time in connection with the Properties or such other form as may be agreed with the Obligor Security Trustee from time to time;

"**Challenge**" is a challenge made by the Obligor Security Trustee in respect of a Proposed Additional Transaction Certificate of the calculations or statements contained in such Proposed Additional Transaction Certificate or to demand further supporting evidence;

"**Challenge Period**" means the period of 30 Business Days commencing on the date of delivery of the Proposed Additional Transaction Certificate;

"**Change of Control**" means if:

(a) any of SGS TopCo, SGS HoldCo or SGS SPV ceases to be a Subsidiary (directly or indirectly) of the Parent; or

(b) any person (or group of persons acting in concert) who does not as at the Initial Issue Date have, or would not be held under Section 450 of the Corporation Tax Act 2010 to have, control of the Parent acquires such control, where "**acting in concert**" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Parent by any of them, either directly or indirectly, to obtain or consolidate control of the Parent, and "**control**" means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to (a) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting or (b) appoint or remove all, or the majority, of the directors or other equivalent officers, and PROVIDED THAT for the avoidance of any doubt, the taking of any Enforcement Action by the Obligor Security Trustee shall not constitute a Change of Control;

"**CHAPS**" means Clearing Houses Automated Payment Systems;

"**Charged Property**" means the property, assets, rights and undertaking of each Obligor that are, in each case, from time to time subject, or expressed to be subject, to the Obligor Security Interests created in or pursuant to the Obligor Security Documents;

"**Charter Place Development**" means the development of the Charter Place shopping centre in Watford, United Kingdom, pursuant to an agreement or agreements between Watford Co and the Watford Borough Council, on or around the Initial Issue Date;

"**Classic Global Note**" or "**CGN**" means a Global Note not issued in NGN form and in the form set out in the Note Trust Deed;

"**Clearing System Business Day**" has the meaning given to it in the form of the Global Note set out in the Note Trust Deed;

"**Clearing Systems**" means Euroclear and Clearstream, Luxembourg;

"**Clearstream, Luxembourg**" means Clearstream Banking, *société anonyme*, Luxembourg;

"**Collections Account**" means each of the accounts in the name of a PropCo held with the Obligor Account Bank, with details as follows:

(a) the Lakeside collections account number 12153491;

(b) the Watford collections account number 62447363;

(c) the Braehead collections account number 22447487;

(d) the Victoria Centre collections account number 52301695,

or such other account as may be designated as such by FinCo and the Obligor Security Trustee and which is designated with the purpose of being credited with all Income of a PropCo;

"**Common Depositary**" means, in relation to a Series or Tranche of Notes, a depositary common to Euroclear and Clearstream, Luxembourg;

"**Common Documents**" means the Security Trust and Intercreditor Deed, the Common Terms Agreement, the Tax Deed of Covenant, the Master Definitions Agreement and the Obligor Security Documents;

"**Common Terms Agreement**" means the common terms agreement entered into on the Initial Issue Date between, *inter alios*, the Obligors, the Issuer, the Obligor Security Trustee, the Issuer Trustee and certain Authorised Finance Providers;

"**Common Safekeeper**" means, in relation to a Series or Tranche of Notes where the relevant Global Note is a NGN or the relevant Global Certificate is held under the NSS, the common safekeeper for Euroclear and/or Clearstream, Luxembourg appointed in respect of such Notes;

"**Companies Act**" means the Companies Act 2006 (as amended);

"**Compliance Certificate (Post-Forfeiture)**" means a certificate prepared by FinCo, substantially in the form set out in the Common Terms Agreement setting out the Pro Forma LTV, Projected ICR and Pro Forma Projected ICR on the assumption that any Material Headlease has been forfeited or irritated by the competent landlord, or is not owned by any Obligor and is no longer part of the relevant Property comprised in the Portfolio, signed by two directors of FinCo, one of which will be the finance director or chief financial officer thereof;

"**Compliance Certificate**" means a certificate of FinCo, substantially in the form set out in the Common Terms Agreement (and such term shall include any revised Compliance Certificate delivered by, or on behalf of, the Obligors) signed by two directors of FinCo, one of which will be the finance director or chief financial officer thereof;

"**Compliance Certificate Challenge**" is a challenge made by the Obligor Security Trustee in respect of a Compliance Certificate of any matter contained in such Compliance Certificate or to demand further supporting evidence;

"**Compliance Certificate Challenge Notice**" means a written notice, within the Compliance Certificate Challenge Period, from the Obligor Security Trustee to FinCo stating the reason for the Compliance Certificate Challenge and requesting such substantiating evidence as is deemed necessary to investigate and/or confirm the calculations and statements contained in any Compliance Certificate or any accompanying statement;

"**Compliance Certificate Challenge Period**" means the period of 30 Business Days commencing on the date of delivery of the Compliance Certificate;

"**Compliance Certificate Investigation Mandate**" means a review by the Independent Expert of the relevant Compliance Certificate in respect of which the Compliance Certificate Investigation Mandate has been called, and the assumptions and information on which the statements therein are made, to determine whether such statements and calculations are accurate in all material respects;

"**Conditions**" means the terms and conditions of the Notes of each Series or Tranche (as set out in the section of this Prospectus entitled *"Terms and Conditions of the Notes"* as modified, with respect to any Notes represented by a Global Certificate or a Global Note, by the provisions of such Global Certificate or Global Note, together with the terms and conditions set out in Part A of the applicable Final Terms relating to the Notes of that Series or Tranche), and "**Condition**" means any of them;

"**Contracted Development Costs**" means, at any time, the aggregated contracted cost for construction of all then-current Developments (excluding finance charges or allocation of overheads, but including works in progress and works to be undertaken pursuant to a signed binding contract), excluding such costs as have already been paid, adjusted in the case of any Eligible JV Interest to reflect an Obligor's percentage interest in such Eligible JV Interest (provided that FinCo has provided to the Obligor Security Trustee a certificate signed by two directors of FinCo, one of which will be the finance director or chief financial officer thereof, confirming that the other partner or partners have funds in place according to their percentage interest to complete the relevant Development);

"**Coupon**" means an interest coupon appertaining to a Definitive Note, such coupon being in the form or substantially in the form set out in the Note Trust Deed or in such other form, having regard to the terms of issue of the Notes of the relevant Tranche or Series, as may be agreed between Issuer, the Principal Paying Agent, the Issuer Trustee and the relevant Dealer(s), and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 15 (*Replacement of Notes, Certificates, Coupons and Talons*);

“**Couponholders**” means the several persons who are, for the time being, holders of the Coupons;

“**Court**” means the courts of England & Wales;

“**Covenant Regime**” means any of the T1 Covenant Regime, the T2 Covenant Regime and/or the T3 Covenant Regime;

“**CP Agreement**” means the conditions precedent agreement to be entered into between, among others, the Issuer Trustee, the Obligor Security Trustee and the Security Group on the Initial Issue Date;

“**CRD**” means the Directive 2006/48/EC and Directive 2006/49/EU, in each case as amended;

“**CRD2**” means the Directive 2009/111/EC;

“**CRD III**” means the Directive 2010/76/EU;

“**CRD IV**” has the meaning given to it on page 60 of this Prospectus;

“**Credit Support Annex**” means any credit support annex entered into pursuant to a Hedging Agreement;

“**CTA 2010**” means the Corporation Tax Act 2010;

“**Cure Right**” means the mechanism set out in the section entitled “Cure Rights” in the section entitled “Common Terms Agreement” in the section entitled “Summary of Financing Documents”;

“**Dealers**” means each of Merrill Lynch International, HSBC Bank plc and UBS Limited, and any other entity which the Issuer may appoint as a Dealer in accordance with the provisions of the Programme Agreement but excluding any entity whose appointment has been terminated in accordance with the provisions of the Programme Agreement and notice of such termination has been given to the relevant Principal Paying Agent and the Issuer Trustee, in accordance with the provisions of the Programme Agreement and references to a “**Relevant Dealer**” or the “**Relevant Dealer(s)**” mean, in relation to any Tranche or Series of Notes, the Dealer or Dealers with whom the Issuer has agreed the issue of the Notes of such Tranche or Series and “**Dealer**” means any one of them;

“**Debt Service Account**” means the account in the name of FinCo held with the Obligor Account Bank with account number 73839943, or such other account as may be designated as such by FinCo and the Obligor Security Trustee;

“**Decision Period**” means, in respect of a STID Proposal, the period of time within which the approval of the Obligor Security Trustee is sought, which shall be not less than 15 Business Days from the date of delivery of the STID Proposal including if the STID Proposal gives rise to an Entrenched Right, unless the Entrenched Right is one in respect of which the Issuer is the, or one of the Affected Secured Participant, in which case the Decision Period for all Affected Secured Participants shall not be less than 50 days;

“**Declaration of Trust**” means the declaration of trust dated on or around the Initial Issue Date between the Partnership as beneficiary and Victoria Centre Co 3 and Victoria Centre Co 4 as trustees;

“**Declining Senior Debt**” has the meaning given to it on page 143 of this Prospectus;

“**Deemed Agreement**” means, in respect of a STID Proposal, if the Obligor Security Trustee does not, or is not instructed to, serve a Determination Dissenting Notice or an Entrenched Right Dissenting Notice within 15 Business Days of receipt of the relevant STID Proposal, the Obligor Security Trustee and the Qualifying Secured Participants shall be deemed to have consented to the voting category and Decision Period proposed in the relevant STID Proposal or, as applicable, agreed as to whether the STID Proposal gives rise to any Entrenched Right;

"**Default**" means:

(a) an Obligor Event of Default; or

(b) an Obligor Potential Event of Default;

"**Defeasance Account**" means any account so designated and opened by FinCo with the Obligor Account Bank into which is deposited any excess funds following a prepayment of Senior Debt Obligations in accordance with the Prepayment Principles, for application by FinCo from time to time as permitted under the Finance Documents;

"**Definitive Note**" means a Bearer Note in definitive form having, where appropriate, Coupons and/or a Talon attached thereto on issue and, unless the context requires otherwise, means a Certificate (other than a Global Certificate);

"**De-grouping Charge**" has the meaning given to it on page 50 of this Prospectus;

"**De-grouping Company**" has the meaning given to it on page 50 of this Prospectus;

"**Deposit/Cure Account**" means the account in the name of FinCo held with the Obligor Account Bank with account number 73839986, or such other account as may be designated as such by FinCo and the Obligor Security Trustee for the purpose of being credited with any Additional Contribution in the form of cash from a Non-Restricted Group Entity in order to cure a breach of Financial Covenant in accordance with the provisions of the Common Terms Agreement;

"**Designated Website**" means the secure website maintained by FinCo on which certain information is published and which may be accessed by the Secured Participants, pursuant to the covenant on use of websites provided for in the Common Terms Agreement;

"**Determination Dissenting Participants**" means, in respect of a STID Proposal, Qualifying Secured Participants (acting through their Secured Participant Representatives) representing at least 10 per cent. of the Outstanding Principal Amount of the Qualifying Debt who instructs the Obligor Security Trustee to deliver a Determination Dissenting Notice;

"**Determination Dissenting Notice**" means, in respect of a STID Proposal which purports to be in respect of a Discretion Matter, an Ordinary Voting Matter or an Extraordinary Voting Matter, a notice in writing within 15 Business Days of receipt of the STID Proposal that the Determination Dissenting Participants disagree with the determination of voting category made in the STID Proposal, and which specifies the voting category of the relevant STID Proposal which the Determination Dissenting Participants propose should apply for the relevant STID Proposal;

"**Development**" means in relation to any Eligible Property (including on adjoining land forming part of the same title), the construction of a new building or buildings, or the re-construction, re-fitting, re-design, re-configuration, extension or refurbishment of an existing building or buildings, including the common parts, which in any such case has a contracted cost to the relevant Obligor(s) for construction exceeding £5 million (excluding VAT), subject to Indexation;

"**Development Account**" means the account in the name of FinCo held with the Obligor Account Bank with account number 73839978, or such other account as may be designated as such by FinCo and the Obligor Security Trustee;

"**Development Certificate**" means a certificate of an Obligor delivered to the Obligor Security Trustee in respect of a proposed Development confirming that:

(a) the Development is consistent with the Permitted Business of such Obligor;

(b) total aggregate Contracted Development Costs (but for these purposes including costs already paid) at the date of the relevant Development Certificate does not exceed 15 per cent. of the current Total Collateral Value or, if the T2 Covenant Regime is applicable, 10 per cent. of the current Total Collateral Value (provided that on-going Developments, permitted in accordance with the provisions of the Finance Documents at the time they were entered into, in excess of that limit may still be continued to completion);

(c) the relevant Development will not when aggregated with all other Developments then on-going, have a negative impact on EBITDA greater than either (a) 10% on a Portfolio basis or (b) 25% in respect of the individual Property in respect of which the Development will be undertaken; and

(d) the Development Test is satisfied;

"**Development Test**" means, as at the date of delivery of a Development Certificate, that 110% of the Contracted Development Costs (including, for the avoidance of doubt, in respect of which the relevant Development Certificate is delivered (without double counting)) are less than (without double counting) the aggregate of funds available to the Security Group from one or more of the following sources on a committed (but not drawn) basis in writing:

(a) the aggregate additional Senior Debt Obligations FinCo is able to draw under the Finance Documents;

(b) Third Party Unsecured Financial Indebtedness in an amount equal to the UD Headroom Test, less such Third Party Unsecured Financial Indebtedness already drawn;

(c) any letter of credit or guarantee from a lender or guarantee provider with an Approved Counterparty Rating;

(d) any Eligible Investments or amounts credited to the Development Account or any other Obligor Account which has been designated in respect of a Development (for the avoidance of any doubt, not including any Hedge Collateral Account or the Liquidity Account); and

(e) any Subordinated NRG Financial Indebtedness, provided that the relevant Obligor remains a Subsidiary (directly or indirectly) of the Parent,

and provided that, for the avoidance of doubt, the amount of commitment under any facility, letter of credit or guarantee given in order to ensure compliance with the Development Test may reduce in line with the payment of Contracted Development Costs under the relevant Development;

"**Direction Notice**" means, in respect of any matter which is not the subject of a STID Proposal, an Enforcement Instruction Notice, a Further Enforcement Instruction Notice or an Instruction Notice, a request made by the Obligor Security Trustee for an instruction or consent from the Qualifying Secured Participants as to whether the Obligor Security Trustee should agree to a consent, waiver or modification or exercise a right or discretion pursuant to the Finance Documents and the manner in which it should do so;

"**Discretion Matter**" means a matter in which the Obligor Security Trustee may exercise its discretion to approve any request made in a STID Proposal without any requirement to seek the approval of any other relevant party, pursuant to the terms of the STID;

"**Disposal/Withdrawal Deposit Account**" means the account in the name of FinCo held with the Obligor Account Bank with account number 73840039, or such other account in the name of FinCo held with the Obligor Account Bank for the purpose of being credited with amounts as set out in the Obligor Cash Management Agreement and designated as such by FinCo and the Obligor Security Trustee;

"**Drawdown**" means a drawdown under any Authorised Finance Facility, and includes any issuance of notes by the Issuer pursuant to the Note Trust Deed and the advance under the corresponding ICL Loan;

"**Drawdown Prospects**" means, in relation to an issue of Notes, a separate offering document to this Prospectus, constituting a single document containing the necessary information relating to the Issuer, the Security Group and the relevant Notes, and which constitutes a "prospectus" for the purpose of the Prospectus Directive;

"**DTZ**" means DTZ Debenham Tie Leung Limited of 125 Old Broad Street, London EC2N 2BQ;

"**Early Redemption Amount**" has the meaning given to it in Condition 7 (*Redemption and Purchase*) of the Notes;

"**Early Termination Date**" has the meaning given to it in the relevant Hedging Agreements;

"**EEA State**" means (i) a European Union member state or (ii) Norway, Iceland or Lichtenstein or any other state which is at that time a party to the EEA agreement;

"**Eligible Investments**" means each of the following (in each case in compliance with the then-current criteria of the Rating Agency):

(a) securities issued by the government of any country with a long-term sovereign debt rating of at least A– by S&P or any Approved Counterparty Ratings;

(b) demand or time deposits, certificates of deposit and short-term unsecured debt obligations (including commercial paper), provided that the long-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 are at least equal to A– by S&P or any Approved Counterparty Ratings or such other credit ratings as may be approved by the Rating Agency from time to time; and

(c) money market funds, provided that they are rated at least A– by S&P or any Approved Counterparty Ratings or such other credit ratings as may be approved by the Rating Agency from time to time,

provided in each case that such investments have a maturity date falling no later than the next succeeding Calculation Date;

"**Eligible JV Interest**" means an interest held by an Obligor, whether an existing Obligor or another Group entity which will become an Obligor as part of a Permitted Acquisition, in a joint venture company or partnership and which satisfies the following criteria, being that:

(a) the joint venture company or partnership holds freehold, leasehold or heritable title in otherwise Eligible Property;

(b) the relevant Obligor has a 50 per cent. or greater interest in the economic performance of the joint venture;

(c) the joint venture or partnership agreement provides for the relevant property to be managed by a Group company;

(d) the relevant Obligor and the partners adhere to a policy of distribution of all distributable reserves of the joint venture company to the partners unless prohibited from doing so by applicable law;

(e) the partner or partners of the relevant Obligor are only permitted to transfer its or their interest provided that the transferee executes a deed of accession to the partnership or joint venture agreement such that, upon accession, it adheres to such arrangements;

(f) the relevant partnership or joint venture agreement dis-applies any pre-emption rights/rights of first refusal/compulsory purchase rights and 'tag along' rights of the non-Obligor partner or partners in the event that the Obligor Security Trustee enforces the security held by it over the Obligor's partnership interest;

(g) the relevant partnership or joint venture agreement expressly permits the relevant Obligor to grant security over its partnership interest in favour of the Obligor Security Trustee;

(h) the relevant partnership or joint venture agreement expressly prohibits the grant by the partnership or joint venture, or any of the partners, of security over the relevant underlying property without the consent of the partners, including the Obligor;

(i) the relevant partnership or joint venture company has no third party debt and is expressly prohibited from the raising of debt against the collateral of the relevant underlying property without the consent of the partners, including the Obligor;

(j) the relevant partnership or joint venture agreement contains an express undertaking of the partners not to sell or transfer the underlying property without the consent of the partners, including the Obligor;

(k) the Obligor grants security interests over its partnership interest, in form and substance satisfactory to the Obligor Security Trustee, and including an undertaking of the Obligor not to exercise its right of consent to the grant of security over the underlying property, the raising of debt against the collateral of the underlying property, the sale or transfer of the underlying property, or the amendment or waiver of the terms of the joint venture or partnership agreement in a manner which would result in the Obligor's interest ceasing to be an Eligible JV Interest, without the consent of the Obligor Security Trustee;

(l) any documentation and other evidence in respect of the partner in the joint venture or partnership as is reasonably requested by the Authorised Loan Facility Agent (for itself and on behalf of the Authorised Loan Facility Providers) in order for each Authorised Loan Facility Provider to carry out and be satisfied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations is delivered by FinCo or such partner in the joint venture or partnership; and

(m) in respect of which a Ratings Affirmation has been received;

"**Eligible JV Interest Valuation Methodology**" means that the value of an Eligible JV Interest owned by an Obligor and included in the Portfolio will be determined by multiplying the proportion of the Eligible JV Interest held by the Obligor (as a percentage) by the Market Value of the Property owned by the relevant joint venture company or partnership in which the Eligible JV Interest is held, as contained in the most recent Valuation;

"**Eligible Property**" means the following, in each case in respect of an Obligor or Obligors:

(a) any Prime Shopping Centre located in the United Kingdom;

(b) any land to be used in the Development of any Prime Shopping Centre and which is adjacent, or in reasonably close proximity, to the relevant Prime Shopping Centre; and/or

(c) any properties ancillary to, associated with or complimentary to either of (a) or (b) above including (without limitation) hotels, car parks, retail shops and retail parks,

over which in each case an existing Obligor or Obligors or a Group entity which will become an Obligor as part of a Permitted Acquisition holds the freehold, leasehold or heritable title; and

(d) any Eligible JV Interest;

"**Enforcement Action**" means any step that the Obligor Security Trustee (on behalf of a Secured Participant) is instructed or required to take acting in accordance with the STID or a Secured Participant would otherwise be entitled to take to enforce or exercise its rights against or in relation to an Obligor under a Finance Document, including:

(a) the delivery of an Obligor Enforcement Notice;

(b) the institution of proceedings against an Obligor;

(c) the making of a demand for payment under a guarantee or any Finance Document;

(d) the making of a demand for cash collateral under a guarantee;

(e) the acceleration of Obligor Secured Liabilities or declaring any Obligor Secured Liabilities due and payable;

(f) the cancellation of any commitments (howsoever defined);

(g) the closing out or termination of any Hedging Agreement;

(h) the exercise or enforcement of any Obligor Security;

(i) the appointment of (or refraining from doing so), or requirement to appoint, or the removal of, a Receiver (notwithstanding the appointment of an administrative receiver by it pursuant to the Obligor Floating Charge Agreement), administrator or administrative receiver;

(j) the crystallisation of, or the requirement to crystallise, any floating charge under (and pursuant to the terms of) any Obligor Security Document;

(k) taking such action as it may think fit to enforce all or any part of the Obligor Security (at the times, in the manner and on the terms it thinks fit) and taking possession of and holding or disposing of all or any part of the Charged Property;

(l) instituting such proceedings against an Obligor and taking such action as it may think fit to enforce all or any part of the Obligor Security;

(m) consulting with any administrative receiver appointed by it pursuant to the OFCA Floating Security in relation to any dealing with assets over which such administrative receiver is appointed and/or, if necessary, the release of such asset from the Obligor Deed of Charge Floating Security; and

(n) whether or not it has appointed a Receiver, exercising all or any of the powers, authorities and discretions conferred by statute (including, without limitation, the LPA), equity or common law (as varied or extended by this Deed) on mortgagees and by this Deed on any Receiver or otherwise conferred by law on mortgagees or Receivers.

"**Enforcement Instruction Notice**" means, at any time at which the Obligor Security Trustee has notice of the occurrence of an Obligor Event of Default, which is subsisting, a request by the Obligor Security Trustee by notice for an instruction from the Qualifying Secured Participants (through their Secured Participant Representatives) as to whether the Obligor Security Trustee should deliver an Obligor Enforcement Notice to enforce all or any part of the Obligor Security or to take any other kind of Enforcement Action;

"**Enforcement Notice**" means the Obligor Enforcement Notice or the Issuer Enforcement Notice, as applicable;

"**Enforcement Period**" means any period from and including the date of the delivery of an Obligor Enforcement Notice to and excluding the earlier of the date on which the Obligor Secured Liabilities have been discharged in full and the date on which the Obligor Security Trustee, acting in accordance with the instructions of the relevant Secured Participants pursuant to the STID, notifies the Security Group that the Enforcement Period has ended;

"**English Lease Document**" means any Lease Document related to an English Property;

"**English Property**" means any Properties located in England and Wales;

"**Enterprise Act**" means the Enterprise Act 2002 of England and Wales;

"**Entrenched Right Dissenting Notice**" means, in respect of a STID Proposal which purports to be in respect of an Entrenched Right, a notice in writing within 15 Business Days of receipt of the STID Proposal that the Entrenched Right Dissenting Participant disagrees that the STID Proposal gives rise to an Entrenched Right of such Secured Participant and which specifies the Secured Participant or class of Secured Participants whose Entrenched Right is affected;

"**Entrenched Right Dissenting Participant**" means, in respect of a STID Proposal which purports to be in respect of an Entrenched Right, any Secured Participant (acting through its Secured Participant Representative) who instructs the Obligor Security Trustee to deliver an Entrenched Right Dissenting Notice;

"**Entrenched Rights**" are matters which, in respect of any Secured Participant or, in the case of the Issuer, in respect of any Issuer Secured Participant (such references in this definition to "**Secured Participants**" shall be so construed) (unless otherwise stated):

(a) would have the effect of adversely changing any of the Obligor Pre-Enforcement Priority of Payments, the Obligor Post-Enforcement Priority of Payments or the application thereof (including the enforcement by the relevant Secured Participant (or, where applicable, its Secured Participant Representative) under the relevant Obligor Security Documents other than as expressly contemplated therein), in each case in respect of a Secured Participant or otherwise adversely affect the ranking of any Secured Participant;

(b) would change or would have the effect of changing:

    (i) any of the following definitions:

        (A) Discretion Matter,

        (B) Entrenched Right,

        (C) Extraordinary Voting Matter,

        (D) Ordinary Voting Matter,

        (E) Qualifying Secured Participants,

        (F) Qualifying Debt,

        (G) Reserved Matter,

        (H) STID Proposal,

        (I) Obligor Secured Liabilities,

        (J) Secured Participants

        (K) Voted Qualifying Debt;

(ii) any of the following:

(A) the Decision Period,

(B) the Quorum Requirement or Majority Requirement required in respect of any Ordinary Voting Matter,

(C) the Quorum Requirement or Majority Requirement required in respect of any Extraordinary Voting Matter,

(D) the Quorum Requirement or Majority Requirement in respect of an Enforcement Instruction Notice or Further Enforcement Instruction Notice;

(iii) any of the matters that give rise to Entrenched Rights under the STID; or

(iv) the provisions on Entrenched Rights provided for in the STID;

(c) in respect of the Secured Participants would change or have the effect of changing the provisions on method and quantum of voting provided for in the STID;

(d) would change or have the effect of changing the provisions on reserved matters provided for in the STID;

(e) in respect of a Hedge Counterparty only, would change or have the effect of changing in respect of the relevant Hedge Counterparty only, the terms of a Hedging Agreement;

(f) in respect of any Authorised Loan Facility only, any consent, amendment or waiver which would, pursuant to the relevant Authorised Loan Facility Agreement, require the consent of all Authorised Loan Facility Providers under such Authorised Loan Facility Agreement;

(g) as demonstrated by the relevant Secured Participant (or, where applicable, its Secured Participant Representative), would result in an increase in or would adversely modify its obligations or liabilities under or in connection with the STID and/or any other Finance Document;

(h) would have the effect of delaying the date fixed for payment of, or payment of amounts under any Hedging Agreement, or in the nature of, principal, interest or Make-Whole Amount in respect of any debt owed to a Secured Participant under an Authorised Finance Facility or of any fees or premia in respect thereof or would reduce the amount of, or amount in the nature of, principal, interest or Make-Whole Amount payable in respect of such debt or the amount of any fees or premia in respect thereof;

(i) would bring forward the date fixed for payment of, or payment of amounts under any Hedging Agreement, or in the nature of, principal, interest or Make-Whole Amount in respect of any debt owed to a Secured Participant under an Authorised Finance Facility or any fees or premia in respect thereof or would increase the amount of, or amount in the nature of, principal, interest or Make-Whole Amount on any date in respect of any debt owed to a Secured Participant under an Authorised Finance Facility or any fees or premia in respect thereof;

(j) would result in the exchange of any amount under any Hedging Agreement or any debt owed to a Secured Participant under an Authorised Finance Facility for, or the conversion of such debt into, shares, notes or other obligations of any other person;

(k) would have the effect of changing or would relate to the currency of payment due under any Hedging Agreement or under any debt owed to a Secured Participant under an Authorised Finance Facility;

(l) would have the effect of changing or would relate to the rights of the relevant Secured Participant to receive any sums owing to it for its own account in respect of fees, costs, charges, liabilities, Taxes, damages, proceedings, claims and demands in relation to any Finance Document to which it is a party (excluding, for the avoidance of doubt, the principal, interest or Make-Whole Amount or amounts in the nature thereof payable to the relevant Secured Participant);

(m) would have the effect of changing or would relate to any existing obligations of an Obligor to gross up any payment in respect of any debt owed to a Secured Participant under an Authorised Finance Facility in the event of the imposition of withholding taxes;

(n) would change any Obligor Event of Default;

(o) would change in any materially adverse respect any prepayment provisions set out in any Common Document, including, without limitation, the amount to be prepaid or the time by which such amount is to be applied in prepayment; or

(p) in respect of each Hedge Counterparty only (in addition to those matters specified in paragraphs (a) to (o) (inclusive) above):

   (i) would change or would have the effect of changing any of the following definitions: Excess Hedge Collateral, Hedging Agreement; Hedge Collateral; Hedge Collateral Accounts, Hedge Counterparty, Hedge Counterparty Required Rating, Hedge Counterparty Required Rating Downgrade; Hedge Subordinated Amounts;

   (ii) would change or have the effect of changing the Hedging Covenant; or

   (iii) any matter which affects the method of voting, or changes the requirement to seek consent or approval of the Secured Participants, in either case, in respect of the matters contemplated in paragraphs (a), (d), (e) or (n) of the definition of Extraordinary Voting Matters;

"**Environment**" means living organisms including the ecological systems of which they form part and the following media:

(a) air (including air within natural or man-made structures, whether above or below ground);

(b) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and

(c) land (including land under water);

"**Environmental Claim**" means any claim, proceeding, formal notice or investigation by any person pursuant to any Environmental Law;

"**Environmental Law**" means all laws and regulations of any relevant jurisdiction concerning or applicable with regard to:

(a) the pollution or protection of, or compensation of damage or harm to, the Environment;

(b) occupational or public health and safety; or

(c) emissions, discharges or releases into, or the presence in, the Environment or of the use, treatment, storage, disposal, transportation or handling of Hazardous Substances (including without limitation any Tax or any obligation to purchase credits or allowances or to provide financial security with regard to any such activities); or

(d) disclosure of any matters falling within (a) to (c);

"**Environmental Licence**" means any Authorisation, notification, assessment, certificate, allowance or credit required at any time under Environmental Law;

"**ERV**" means estimated rental value;

"**EU Savings Directive**" means the EC Council Directive 2003/48/EC;

"**Euroclear**" means Euroclear Bank S.A./N.V.;

"**Exceptional Items**" means those items which are in the reasonable view of FinCo or another relevant Obligor required to be separately disclosed by virtue of their size or incidence to enable the Secured Participants to have a full understanding of the Obligors' financial condition and performance and such items are or will be disclosed as such in the Obligors' relevant audited financial statements, and shall include, for the avoidance of any doubt, any profit accruing to any Obligor as a result of the purchase in the open market of any Notes;

"**Excess Cash**" means cash standing to the credit of the Debt Service Account which has been transferred to it pursuant to paragraph (o) of the Obligor Pre-Enforcement Priority of Payments;

"**Excess Hedge Collateral**" means:

(a) an Early Termination Amount (or other amount payable in respect of a terminated Transaction or transaction otherwise ending before the Termination Date thereof, each as defined in the applicable Hedging Agreement) payable to the applicable Hedge Counterparty from Hedge Collateral under the terms of the Hedging Agreement; or

(b) an amount payable or any obligation to transfer collateral to a Hedge Counterparty under a Transaction constituted by a credit support annex (including any Return Amount, Interest Amount or Distribution, each as defined in the applicable Hedging Agreement),

and which in each case shall be re-transferred to the relevant Hedge Counterparty pursuant to the relevant provisions of the Obligor Cash Management Agreement, and not subject to the applicable Priorities of Payments;

"**Exchange Date**" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the city in which the relevant clearing system is located;

"**Existing Debt**" means amounts owing to the Existing Funders and ancillary Hedge Counterparties immediately prior to the issuance of Notes on the Initial Issue Date;

"**Existing Funders**" means the lenders, or the agent of such lenders, under the outstanding facilities of the Obligors immediately prior to the Initial Issue Date;

"**Expected Maturity Date**" has the meaning given to it in the Conditions;

"**Extended Decision Period**" means 10 Business Days of the expiry of the original Decision Period;

"**Extraordinary Voting Matters**" are intercreditor matters which are for decision by the Secured Participants pursuant to the STID and which:

(a) would release any of the Security (unless equivalent replacement security is taken at the same time) or amend the nature or scope of the Obligor Guarantees, unless such release or amendment is permitted in accordance with the terms of the Common Documents;

(b) would change or have the effect of changing:

(i) any material definitions which relate to the key structural principles on which the voting mechanics of the Extraordinary Voting Matters have been founded; or

(ii) any of the matters constituting Extraordinary Voting Matters;

(c) would change or have the effect of changing the definition of Permitted Financial Indebtedness, the provisions relating to the making of Restricted Payments (including the definition of Restricted Payments), the Financial Covenants (including the manner of their calculation or application);

(d) would relate to the waiver of any Default in respect of non-payment;

(e) would change or have the effect of changing any restriction on any disposal or withdrawal by any Obligor of any Charged Property, including the definition of "Permitted Disposals" and "Permitted Withdrawal" or relate to a consent in respect of any such disposal;

(f) would change or have the effect of changing the provisions relating to, or relate to the waiver of, the incurrence of any additional payment obligations by the Security Group;

(g) would change or have the effect of changing the provisions relating to, or relate to the waiver of, acquisitions by the Security Group, including the definition of "Permitted Acquisition";

(h) would relate to the removal of the Obligor Security Trustee in accordance with the provisions on resignation and removal of security trustee provided for in the STID;

(i) would change or have the effect of changing the definition of Permitted Business;

(j) would change or have the effect of changing the Asset Criteria Adjustment Mechanism or the definition of Asset Criteria;

(k) would change or have the effect of changing the Development Test or the definition of Development;

(l) would change or have the effect of changing the definition of Eligible Property or Eligible JV Interest;

(m) would change or have the effect of changing the covenant on 'Valuation of Property' provided for in the Common Terms Agreement;

(n) would change or have the effect of changing the Hedging Covenant;

(o) would change or have the effect of changing any provision set out in any Common Document relating to the requirement to reserve the Liquidity Reserve Required Amount (including the definition of Liquidity Reserve Required Amount);

(p) would change or have the effect of changing any provision set out in any Common Document relating to the appointment and role of the Property Manager;

(q) would change or have the effect of changing the T1 Covenant Regime threshold, the T2 Covenant Regime threshold or the T3 Covenant Regime threshold (including a change to the definition of each) including the manner of their calculation or application;

(r) would result in additional Financial Indebtedness being incurred at the request of FinCo under paragraph (c) of the definition of Permitted Financial Indebtedness; or

(s) would increase the Senior Debt Obligations Limit;

"**FATCA**" means the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010;

"**Final Terms**" means, in relation to any Tranche or Series of Notes, final terms issued specifying the relevant issue details of such Tranche or Series, substantially in the form set out in the Programme Agreement;

"**Finance Documents**" means:

(a) the Common Documents;

(b) each Authorised Loan Finance Document;

(c) the Intercompany Loan Agreement;

(d) each Hedging Agreement;

(e) the PP Note Documents;

(f) any Liquidity Facility Agreement (if entered into);

(g) the Property Administration Agreement;

(h) each Obligor Security Document;

(i) the Obligor Account Bank Agreement;

(j) the Obligor Cash Management Agreement;

(k) the escrow agreement dated on or about the Initial Issue Date entered into between, *inter alios,* the parties to the Master Definitions Agreement;

(l) the Programme Agreement;

(m) any Subscription Agreement;

(n) the commitment and syndication letter entered into by FinCo in connection with the Initial Authorised Loan Facility;

(o) the participation fee letter entered into by, inter alios, FinCo in connection with the Initial Authorised Loan Facility;

(p) the structuring mandate letter entered into by FinCo in connection with the Programme;

(q) the mandate letter entered into by FinCo in connection with the issuance of Notes under the Programme;

(r) any amendment and/or restatement agreement relating to any of the above documents; and

(s) any other document designated as such by the Obligor Security Trustee and FinCo;

"**Finance Parties**" means any Authorised Finance Provider and all arrangers, agents, representatives and trustees appointed in connection with any Authorised Finance Facility (including, without limitation, each Authorised Loan Facility Agent and each arranger (howsoever described) of an Authorised Loan Facility) and "**Finance Party**" means any one of them;

"**Financial Covenants**" means the covenants of the Obligors provided for in the Common Terms Agreement and described on page 117 of this Prospectus;

"**Financial Half Year End**" means, for all of the Obligors, 30 June or such other half year date reflecting any change in the Accounting Reference Date;

"**Financial Indebtedness**" means any indebtedness for or in respect of the following (including any such as constitute Senior Debt Obligations):

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of notes, notes, debentures, loan stock or any similar instrument;

(d) debit balances at banks (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);

(e) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with Applicable Accounting Principles, be treated as a finance or capital lease;

(f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(i) shares which are expressed to be redeemable;

(j) any counter-indemnity obligation in respect of a guarantee, indemnity, note, performance bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

(k) the amount of any liability in respect of any guarantee or indemnity (or any arrangement having an analogous commercial effect or otherwise treated as such under Applicable Accounting Principles), whether direct or indirect, for any of the items referred to in paragraphs (a) to (j) above;

"**Financial Statements**" means, at any time, the financial statements of the Obligors or the Issuer most recently delivered to the Obligor Security Trustee pursuant to the covenant on financial statements of the Common Terms Agreement;

"**Financial Year End**" means, for all of the Obligors, 31 December, or such other date reflecting any change in the Accounting Reference Date;

"**FinCo**" means Intu (SGS) Finco Limited, a company incorporated in England and Wales with its registered office at 40 Broadway, London SW1H 0BU (registered number 08355746);

"**FinCo Collections Account**" means the account in the name of FinCo held with the Obligor Account Bank, with account number 73840004, or such other account as may be designated as such by FinCo and the Obligor Security Trustee and which is designated with the purpose of being credited with all Income from the Collections Accounts;

"**Forfeiture Remedial Period**" means, in respect of a Material Headlease, the period from the date of forfeiture of, or receipt of an irritancy warning notice in respect of a Material Headlease up to the earlier of (a) the date being 30 days after the date of such forfeiture or receipt of such irritancy warning notice (such 30 day period being the "**Relief Application Period**") and (b) in the event of application by the relevant Obligor to court, the date on which a court determines or gives judgment on the application for relief from forfeiture made by an Obligor or any other interested third party during the Relief Application Period (or in relation to a property in Scotland, within the end of the period set out in any valid irritancy warning notice);

"**FSMA**" means the Financial Services and Markets Act 2000, as amended;

"**Further Enforcement Instruction Notice**" means, at any time following the delivery of an Obligor Enforcement Notice, a request by the Obligor Security Trustee by notice for an instruction from the Qualifying Secured Participants (through their Secured Participant Representatives) as to whether the Obligor Security Trustee should take any further Enforcement Action;

"**GAAP**" means the Generally Accepted Accounting Principles, in the UK known as "**UK GAAP**";

"**Global Certificate**" means a Certificate substantially in the form set out in the Note Trust Deed representing Registered Notes of one or more Tranches of the same Series that are registered in the name of a nominee for Euroclear, Clearstream, Luxembourg and/or any other clearing system;

"**Global Note**" means a Temporary Global Note or a Permanent Global Note, as the case may be;

"**Good Industry Practice**" means the standards, practices, methods and procedures as practised in the UK conforming to all applicable laws and the degree of skill, diligence, prudence and foresight which would reasonably be expected from a skilled and experienced person undertaking the management and operation of shopping centres comparable to the Properties;

"**Group**" means Intu Properties plc and its Subsidiaries;

"**Guarantors**" means each Obligor in its capacity as a Guarantor under an Obligor Guarantee together with any Additional Guarantors;

"**Harlequin**" means the Prime Shopping Centre known as The Harlequin, Watford, with the address The Harlequin, Watford, Hertfordshire, WD17 2UB, United Kingdom;

"**Harlequin Headleases**" means the leasehold interests in respect of the Harlequin Centre, Watford, registered under title numbers HD258180, HD269092, HD258179, HD269093, HD403584, HD403368, HD281012, HD281392, HD298541, and HD298542, as the same may be amended and/or consolidated in accordance with the applicable provisions of the CTA;

"**Hazardous Substance**" means any waste, pollutant, emission, contaminant or other substance (including any liquid, solid, gas, ion, living organism or noise) that may be harmful to human health or other life or the Environment or a nuisance to any person or that may make the use or ownership of any affected land or property more costly;

"**Hedge Collateral**" means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by any Hedge Counterparty (or any guarantor thereto) to FinCo in respect of the relevant Hedge Counterparty's obligations to transfer collateral to FinCo under the relevant Hedging Agreement, and which shall be applied in accordance with the applicable provisions of the Obligor Cash Management Agreement, outside of the applicable Obligor Priorities of Payments;

"**Hedge Collateral Accounts**" means the accounts in the name of FinCo held with the Obligor Account Bank, each held for the purpose of being credited with deposits of eligible collateral by the relevant Hedge Counterparty in the event of the downgrade of such Hedge Counterparty's position under the relevant Hedging Agreement, each such account being held in respect of a Hedge Counterparty, each as designated as such by FinCo and the Obligor Security Trustee;

"**Hedge Counterparty**" means:

(a) the Initial Hedge Counterparties; and

(b) any counterparty which accedes as hedge counterparty to the STID and Common Terms Agreement as hedge counterparty;

"**Hedge Counterparty Required Rating**" means the Initial S&P Required Rating (as defined in each Hedging Agreement) or the Subsequent S&P Required Rating (as defined in each Hedging Agreement) as applicable;

"**Hedge Counterparty Required Rating Downgrade**" shall occur if any short-term or long-term debt rating of a Hedge Counterparty falls below a Hedge Counterparty Required Rating;

"**Hedge Subordinated Amounts**" means, in relation to any Hedging Agreement, any termination payment due to a Hedge Counterparty which arises due to the early termination of such Hedging Agreement as a result of either (i) an Event of Default (as defined in such Hedging Agreement) where the Hedge Counterparty is the Defaulting Party (as defined in such Hedging Agreement) or (ii) an Additional Termination Event (as defined in such Hedging Agreement) which occurs as a result of a Hedge Counterparty Required Rating Downgrade;

"**Hedging Agreement**" means each agreement entered into between FinCo and a Hedge Counterparty pursuant to which a Swap is documented, comprising a 2002 ISDA Master Agreement (or any successor thereto published by ISDA), including the Schedule thereto and any Credit Support Annex as required, and the associated Confirmation;

"**Hedging Covenant**" means the covenant of the Obligors pursuant to the covenant on 'Hedging' provided for in the Common Terms Agreement and described on page 121 of this Prospectus;

"**Historical EBITDA**" means, in respect of any Calculation Period, the consolidated or pro forma consolidated operating profit of the Security Group (taking into account changes in its composition) for that period calculated in accordance with the Applicable Accounting Principles, but before:

(a) any Historical Interest Charges;

(b) any amount attributable to amortisation of goodwill or other intangible assets or the amortisation or the writing off of acquisition or refinancing costs and any deduction for depreciation or impairment of assets; and

(c) any accrued Tax for such Calculation Period in respect of all amounts and items included in or taken into account in calculating that consolidated operating profit and adjustments in respect of prior periods,

and excluding:

(i) fair value adjustments, or the mark-to-market of any derivative transaction, or impairment charges (to the extent they involve no payment of cash);

(ii) Exceptional Items;

(iii) any amount attributable to the writing up or writing down of any assets of any Obligor as a result of a revaluation of such assets after the Initial Issue Date or, in the case of an Obligor becoming such after the Initial Issue Date, after the date of its becoming such and, in each case, in respect of such Calculation Period;

(iv) any non-cash amount attributed to share-based payments;

(v) any other non-cash items, including any change in the mark-to-market value of any derivative transaction (but not so as to exclude the impact on revenue from lease incentive accounting under SIC 15 (or any successor thereto) referring to any rent-free periods relating to tenancies granted by or to the Obligors, accruals and prepayments relating to rental income and operating expenses and specific bad debt provisions);

(vi) any amounts attributable to the disposal of any Properties or other assets during such Calculation Period;

(vii) interest payable by an Obligor under any Permitted Subordinated Obligations; and

(viii) the contribution in accordance with Good Industry Practice by any Obligor made during such Calculation Period to Group head office administration costs.

"**Historical ICR**" means, as of any Calculation Date, the ratio of the Historical EBITDA of the Security Group to the Historical Interest Charges of the Security Group, each in respect of the 12 months preceding that date;

"**Historical Interest Charges**" means, in respect of any Calculation Period:

(a) without double-counting, the accrued interest cost on the Senior Debt Obligations of the Security Group (excluding any non-cash items, front end fees (whether or not amortised) and exceptional and extraordinary items), plus any scheduled payments of an interest nature under any Hedging Agreement, and any interest paid on drawn amounts under any Liquidity Facility for such Calculation Period;

less:

(b) without double-counting, any interest (in any form) receivable by any member of the Security Group from a third party (other than a member of the Security Group) over the relevant Calculation Period, including interest received on amounts standing to the credit of the Obligor Accounts (other than the Restricted Payment Account, the Opex Accounts and any Hedge Collateral Account) and income from any Eligible Investments (if any);

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

"**ICL Loan**" means each Advance (as defined in the Intercompany Loan Agreement) of the proceeds of issuance of a Tranche of Notes under the Programme by the Issuer to FinCo, made under the Intercompany Loan Agreement;

"**ICSD**" means the relevant international central securities depositary relating to Notes in NGN form issued under the Programme;

"**IFRS**" means international financial reporting standards within the meaning of IAS Regulation 1606/2002;

"**Income**" means, together, Non-Rental Income and Rental Income;

"**Independent Expert**" means an accounting firm, advisory firm or investment bank of international repute and standing;

"**Indexation**" in respect to any reference to an amount, shall be a reference to that amount (as previously indexed) as such amount may be adjusted up or down at any time by a percentage equal to the amount of percentage increase or, as the case may be, decrease in the Retail Price Index from the index level used for the preceding indexation amount or as is otherwise specified in the relevant Finance Document;

"**Individual Basis**" means, in respect of a Proposed Additional Transaction, the Proposed Additional Transaction Tests shall be calculated on a stand-alone basis prior to entering into such Proposed Additional Transaction;

"**Initial Authorised Loan Facilities**" means the facilities provided by the Initial Authorised Loan Facility Providers under the Initial Authorised Loan Facility Agreement;

"**Initial Authorised Loan Facility Agent**" means HSBC Bank plc;

"**Initial Authorised Loan Facility Agreement**" means the facility agreement dated on or around the Initial Issue Date between the Initial Authorised Loan Facility Providers, the Initial Authorised Loan Facility Agent, the Initial Obligors and the Obligor Security Trustee;

"**Initial Authorised Loan Facility Finance Parties**" means the Initial Authorised Loan Facility Providers, the Initial Authorised Loan Facility Agent and the Mandated Lead Arrangers and the Bookrunners, each an "**Initial Authorised Loan Facility Finance Party**";

"**Initial Authorised Loan Facility Providers**" means the participants listed as such in the Common Terms Agreement and any Lenders (as defined in the Initial Authorised Loan Facility Agreement) from time to time;

"**Initial Financial Indebtedness**" means Financial Indebtedness incurred under any Finance Document entered into on or prior to the Initial Issue Date;

"**Initial Hedge Counterparties**" means the participants listed as financial institutions in the Common Terms Agreement;

"**Initial Hedging Agreements**" means the Hedging Agreements entered into on the Initial Issue Date between the Initial Hedge Counterparties, FinCo and the Obligor Security Trustee;

"**Initial Issue Date**" means the date upon which the first Series or Tranche of Notes is issued by the Issuer;

"**Initial Issuer Account**" means the sterling denominated bank account of the Issuer held with the Issuer Account Bank with account number 73766038;

"**Initial Issue Escrow Arrangements**" mean the arrangements agreed with, *inter alios*, the Existing Funders for the use of proceeds from the issue of Notes on the Initial Issue Date and amounts advanced under the Initial Authorised Loan Facility Agreement to discharge the Existing Debt;

"**Initial Notes**" means the Notes issued by the Issuer on the Initial Issue Date;

"**Initial Obligors**" means FinCo, SGS SPV, SGS HoldCo, Lakeside Co, Watford Co, Braehead Co 1, Braehead Co 2, Investments Co, Victoria Centre Co 1, the Partnership, Victoria Centre Co 3 and Victoria Centre Co 4 and "**Initial Obligor**" means any one of them;

"**Initial Portfolio**" means the Portfolio as at the Initial Issue Date;

"**Initial Properties**" means the Properties as at the Initial Issue Date;

"**Initial Valuation**" means, in respect of each Property, a Valuation of each Property by the Valuer, addressed to the Finance Parties and delivered under the CP Agreement;

"**Insolvency Act**" means the Insolvency Act 1986 of England and Wales;

"**Insolvency Event**" means, in relation to any company, any of the following events:

(a) such company is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) such company ceases to pay its debts, becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(c) such company makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(d) such company institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up, liquidation, administration, dissolution or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) by it or such regulator, supervisor or similar official;

(e) order for its winding-up, liquidation, receivership, administration or dissolution is made;

(f) such company has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (c) above and:

    (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

    (ii) is not dismissed, discharged, stayed or restrained in each case within 45 days of the institution or presentation thereof;

(g) such company has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(h) such company seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(i) such company has a secured party take possession of all or substantially all its assets or has a distress, execution, diligence, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 45 days thereafter; or

(j) the passing by such company of an effective resolution or the making of an order by a court of competent jurisdiction for the winding up, administration, receivership, examinership, liquidation or dissolution of such company or a meeting of its shareholders, directors or other officers is convened for the purpose of considering any resolution, to petition for or to file documents with a court or any registrar for its winding-up, administration or dissolution or any such resolution is passed;

(k) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any substantial part of the undertaking or assets of such company;

(l) the cessation or suspension of payment of its debts generally or a public announcement by such company of an intention to do so;

(m) a moratorium is declared in respect of any indebtedness of such company or any step is taken with a view to a moratorium or a composition, assignment or similar arrangement with any of its creditors; or

(n) any event analogous to the foregoing in any relevant jurisdiction;

"**Insolvency Official**" means, in connection with any Insolvency Proceedings in relation to a company, a liquidator, provisional liquidator, administrator, administrative receiver, receiver, manager, nominee, supervisor, trustee, conservator, guardian, examiner or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors;

"**Insolvency Proceedings**" means, in respect of any company, the winding-up, liquidation, dissolution, receivership, administration or examinership of such company, or any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or of any jurisdiction in which such company, carries on business;

"**Instruction Notice**" means a notice from any Qualifying Secured Participant which by itself or together with any other Qualifying Secured Participant(s) is or are owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 10 per cent. of the aggregate Outstanding Principal Amount of all Qualifying Debt then outstanding through the relevant Secured Participant Representative(s) to the Obligor Security Trustee instructing the Obligor Security Trustee to exercise any of the rights granted to the Obligor Security Trustee under, pursuant to or in relation to, the Common Documents, subject (if applicable) to any express requirements set out in the Common Documents as to any specified percentage of Outstanding Principal Amount required by any Qualifying Secured Participant(s) to exercise a specific right and subject to Entrenched Rights;

"**Insurance Proceeds Account**" means the account in the name of FinCo held with the Obligor Account Bank for the purposes of being credited with the Insurance Proceeds of a claim relating to reinstatement value in accordance with the Common Terms Agreement and such other amounts as set out in the Obligor Cash Management Agreement as described in the section entitled "*Description of the Principal Transaction Documents – Obligor Cash Management Agreement*" and designated as such by FinCo and the Obligor Security Trustee;

"**Insurances**" means, as the context may require, any or all of the insurances described in or taken out pursuant to the covenant on 'Insurance and Insurance proceeds' provided for in the Common Terms Agreement (and described on page 131 of this Prospectus) and any other contract or policy of insurance taken out by an Obligor from time to time in accordance with Good Industry Practice, including in each case any future renewal or replacement of any such insurance whether with the same or different insurers and whether on the same or different terms;

"**Intellectual Property**" means:

(a) any patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests, whether registered or unregistered; and

(b) the benefit of all applications and rights to use such assets of each Obligor;

"**Intercompany Loan Agreement**" means the intercompany loan agreement entered into on the Initial Issue Date between, *inter alios*, FinCo, the Issuer and the Obligor Security Trustee in connection with the provision of ICL Loans;

"**Intercreditor Arrangements**" has the meaning given to it on page 150 of this Prospectus;

"**Interest Commencement Date**" means, in relation to any Authorised Finance Facility, the date from which interest begins to accrue as specified in the applicable Authorised Finance Facility Agreement under which payments of interest are determined;

"**Interest Payment Date**" means, in relation to any Authorised Finance Facility, the date on which the interest due for the related Interest Period becomes due to be paid as specified in the applicable Authorised Finance Facility Agreement under which payments of interest are determined or, where used in the Conditions in connection with any Tranche of Notes, means as defined in the applicable Final Terms;

"**Interest Period**" means, in relation to any Authorised Finance Facility, the period beginning on and including the Interest Commencement Date and ending on but excluding the first date for the payment of interest and each successive period beginning on and including a date for the payment of interest and ending on but excluding the next succeeding date for the payment of interest;

"**Intimation Notice**" means a notice of intimation given pursuant to the Assignation of Income;

"**Intu Group Information**" means the information contained in this Prospectus in the sections entitled '*Finco*', '*The Obligors*', '*The Portfolio*' and '*Unaudited Combined Summary Financial Information*';

"**Investigation Mandate**" means a review of the relevant Proposed Additional Transaction Certificate in respect of which the Investigation Mandate has been called, and the assumptions and information on which the statements therein are made, to determine whether such statements and calculations are accurate in all material respects;

"**Investments Co**" means Intu Properties Investments Limited, a company incorporated in England and Wales with its registered office at 40 Broadway, London, SW1H 0BU (registered number 03229523);

"**Investor Presentation**" means any written investor presentation approved orally or in writing for such use in advance by FinCo used in connection with marketing and investor presentations in respect of the Authorised Finance Facilities, as relevant. For the avoidance of doubt, an Investor Presentation will not include any Prospectus;

"**Investor Report**" means the report delivered to the Obligor Security Trustee by FinCo pursuant to the covenant on 'Investor Reports' provided for in the Common Terms Agreement in the form set out in the Common Terms Agreement;

"**IP Licence**" means the licence dated on or around the Initial Issue Date between each PropCo and Intu IP Limited pursuant to which each PropCo has the licence and right to use of any Intellectual Property reasonably required by or desirable for it in order to conduct its Permitted Business;

"**Irish Stock Exchange**" means Irish Stock Exchange Limited;

"**Issue Date**" means, in relation to any Tranche of Notes, the date on which the Notes of that Tranche have been issued or, if not yet issued, the date agreed for their issue between Issuer and the relevant Dealer(s);

"**Issue Price**" means, in relation to any Tranche or Series of Notes, the price as stated in the relevant Final Terms, generally expressed as a percentage of the principal amount of the Notes, at which such Tranche or Series of Notes will be issued;

"**Issuer**" means Intu (SGS) Finance plc, a company incorporated in England and Wales having its registered office at 35 Great St. Helen's, London, EC3A 6AP (registered number 08351883) or any substitute in accordance with the terms of the Issuer Documents;

"**Issuer Accounts**" means the Initial Issuer Account, or such other account as is designated as such by the Issuer and the Issuer Trustee;

"**Issuer Account Bank Agreement**" means the agreement entered into on the Initial Issue Date between, *inter alios*, the Issuer, the Issuer Cash Manager and the Issuer Account Bank in connection with the holding of the Issuer Accounts;

"**Issuer Account Bank**" means HSBC Bank plc or any Substitute Issuer Account Bank appointed pursuant to the Issuer Account Bank Agreement;

"**Issuer Administrative Event**" means:

(a) the presentation of an application to the court for the appointment of an administrator in relation to the Issuer; or

(b) the giving of written notice by any person (who is entitled to do so) of its intention to appoint an administrator of the Issuer or the filing of such a notice with the court,

in each case, other than any such notice in respect of an application or intention which the Issuer reasonably considers to be vexatious, is contesting in good faith and which is dismissed, discharged, stayed or restrained within 45 days of the application;

"**Issuer Cash Management Agreement**" means the agreement entered into on the Initial Issue Date between, *inter alios*, the Issuer, the Issuer Cash Manager and the Issuer Account Bank in connection with the provision of Issuer Cash Management Services to the Issuer;

"**Issuer Cash Management Services**" means the obligations of the Issuer Cash Manager set out in the Issuer Cash Management Agreement;

"**Issuer Cash Manager**" means Structured Finance Management (Ireland) Limited or any Substitute Cash Manager appointed pursuant to the Issuer Cash Management Agreement;

"**Issuer Charged Property**" means the property, assets, rights and undertaking of the Issuer that are, in each case, from time to time subject, or expressed to be subject, to the Security Interests created in or pursuant to the Issuer Security Documents;

"**Issuer Corporate Services Agreement**" means the agreement entered into on the Initial Issue Date between, *inter alios*, the Issuer and the Issuer Corporate Services Provider in respect of the provision of corporate services to the Issuer;

"**Issuer Corporate Services Provider**" means Structured Finance Management Limited, appointed under the Issuer Corporate Services Agreement as corporate services provider in respect of the Issuer;

"**Issuer Deed of Charge**" means the deed of charge over the assets of the Issuer entered into on or prior to the Initial Issue Date between, *inter alios*, the Issuer and the Issuer Trustee;

"**Issuer Documents**" means:

(a) the Common Terms Agreement;

(b) the Security Trust and Intercreditor Deed;

(c) the Master Definitions Agreement;

(d) the Tax Deed of Covenant;

(e) the Intercompany Loan Agreement;

(f) each Issuer Security Document;

(g) each Programme Document;

(h) the Issuer Account Bank Agreement;

(i) the Issuer Cash Management Agreement;

(j) the Issuer Corporate Services Agreement,

and any other document so designated between the Issuer and the Issuer Trustee;

"**Issuer Enforcement Notice**" means a notice delivered by the Issuer Trustee in accordance with Condition 11 (*Issuer Events of Default*) in respect of the Issuer Security, following which the Issuer Secured Liabilities shall become due and payable;

"**Issuer Event of Default**" means each event set out in Condition 11 (*Issuer Events of Default*) of the terms and conditions of the Notes;

"**Issuer/ICSD Agreement**" means the agreement so named on or before the Initial Issue Date between the Issuer and each of Euroclear and Clearstream, Luxembourg;

"**Issuer Lender Profit Amount**" means £1,000 per annum, or such other amount notified in writing to the Issuer Trustee by the Issuer (or the Issuer Cash Manager on its behalf) because a different amount is required by any change in law, regulation, HMRC guidance or practice or because suitably qualified legal counsel advise that such increase should be made, in each case in order to ensure that the Issuer continues to qualify as a securitisation company for United Kingdom tax purposes;

"**Issuer Post-Enforcement Priority of Payments**" means the priority of payments set out in the Issuer Deed of Charge;

"**Issuer Potential Event of Default**" means any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Issuer Event of Default), will become an Issuer Event of Default;

"**Issuer Pre-Enforcement Priority of Payments**" means the priority of payments set out in the Issuer Cash Management Agreement;

"**Issuer Priorities of Payments**" means the Issuer Pre-Enforcement Priority of Payments or, as the case may be, the Issuer Post-Enforcement Priority of Payments;

"**Issuer Secured Liabilities**" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Issuer to any Issuer Secured Participant under each Issuer Document;

"**Issuer Secured Participant**" means:

(a) the Issuer Trustee (in its own capacity and on behalf of the Noteholders);

(b) the Noteholders;

(c) the Agents;

(d) the Issuer Account Bank;

(e) the Issuer Corporate Services Provider;

(f) the Issuer Cash Manager; and

(g) any entity acceding to an Issuer Document as an Issuer Secured Participant;

"**Issuer Security**" means the security constituted by the Issuer Security Documents and granted by the Issuer including any guarantee or obligation to provide cash collateral or further assurance thereunder;

"**Issuer Security Documents**" means:

(a) the Issuer Deed of Charge; and

(b) any other document evidencing or creating security over any asset of the Issuer to secure any obligation of the Issuer to an Issuer Secured Participant in respect of the Issuer Secured Liabilities;

"**Issuer Share Trustee**" means SFM Corporate Services Limited, a company incorporated in England and Wales with its registered office at 35 Great St. Helen's, London, EC3A 6AP (registered number 03920255);

"**Issuer Trustee**" means the entity or entities appointed as issuer trustee or any successor trustee appointed pursuant to the Note Trust Deed, for and on behalf of the relevant Noteholders and the Couponholders;

"**Lakeside**" means the Prime Shopping Centre known as Lakeside with its address at West Thurrock Way, Grays, Essex RM20 2ZP, United Kingdom;

"**Lakeside Co**" means Intu Lakeside Limited, a company incorporated in England and Wales with its registered office at 40 Broadway, London SW1H 0BU (registered number 04144192);

"**Last Proposed Additional Transaction**" means, in respect of a Transaction Series, the last Proposed Additional Transaction;

"**Lease**" means any lease, underlease, sublease, licence, agreement for lease, option, occupation agreement or any other arrangement relating to the use or occupation of a Property or any part thereof from time to time and the word "**Leases**" has the corresponding plural meaning;

"**Lease Documents**" means an Agreement for Lease or an Occupational Lease;

"**Leasing Certificate**" means a certificate signed by two directors of FinCo or the relevant Obligor, certifying that while a Lease does not comply with the Leasing Criteria, it has been determined that the terms of the Lease would nevertheless be in accordance with the Good Industry Practice;

"**Leasing Criteria**" means, in relation to an Obligor, any Tenant and the associated Lease, the following criteria which will apply to the relevant Lease:

(a) it will contain provision for periodic rent reviews which, in the Obligor's reasonable opinion are appropriate in accordance with Good Industry Practice;

(b) it will impose full internal and external repair obligations on the Tenant (with only such exceptions as are, in the Obligor's reasonable opinion appropriate in accordance with Good Industry Practice);

(c) the Tenant will be obliged to make an appropriate (in the Obligor's reasonable opinion in accordance with Good Industry Practice) contribution to building and estate service charges (with only such exceptions as are, in the Obligor's reasonable opinion appropriate in accordance with Good Industry Practice);

(d) the Tenant will be required to bear an appropriate (in the Obligor's reasonable opinion in accordance with Good Industry Practice) portion of the cost of building and loss of rent insurance (with only such exceptions as are, in the Obligor's reasonable opinion appropriate in accordance with Good Industry Practice);

(e) the Lease will not permit assignment or assignation of the leased property without the Obligor's consent (which may be provided to be not unreasonably withheld or delayed to the extent in accordance with Good Industry Practice) other than in accordance with Good Industry Practice;

(f) the Lease will not permit sub-letting of the leased property without the Obligor's consent (which may be provided to be not unreasonably withheld or delayed to the extent in accordance with Good Industry Practice) other than in accordance with Good Industry Practice;

(g) the Lease will contain such limitations on alterations to the leased property as are, in the Obligor's reasonable opinion, appropriate in accordance with Good Industry Practice; and

(h) the Lease will be entered into on arm's length terms in accordance with Good Industry Practice;

"**Liquidity Account**" means the account in the name of FinCo held with the Obligor Account Bank with account number 73840020, or such other account in the name of FinCo held with the Obligor Account Bank for the purpose of being credited with any amount required to be reserved in accordance with the covenant on liquidity requirements provided for in the Common Terms Agreement (described on page 123 of this Prospectus) and designated as such by FinCo and the Obligor Security Trustee;

"**Liquidity Coverage Ratio**" has the meaning given to it on page 60 of this Prospectus;

"**Liquidity Facility**" means any liquidity facility granted under a Liquidity Facility Agreement entered into by FinCo with a provider meeting the minimum ratings criteria required of a Liquidity Facility Provider by the Rating Agency, in accordance with the requirements of the covenant on liquidity requirements provided for in the Common Terms Agreement described on page 123 of this Prospectus, and in respect of which a Ratings Affirmation has been received as to the terms of the associated Liquidity Facility Agreement. "**Liquidity Facilities**" shall be construed accordingly;

"**Liquidity Facility Agreement**" means the liquidity facility agreement to assist FinCo in making payments of interest on Financial Indebtedness and certain other items ranking prior thereto in the Obligor Pre-Enforcement Priority of Payments, entered into between, *inter alios*, FinCo, one or more Liquidity Facility Providers and the Obligor Security Trustee at any time;

"**Liquidity Facility Provider**" means an eligible financial institution which is a provider of a Liquidity Facility under a Liquidity Facility Agreement with long-term unsecured and non credit-enhanced debt obligations of at least A– or higher by S&P, or has an Approved Counterparty Rating;

"**Liquidity Facility Subordinated Amount**" means any amount payable to a Liquidity Facility Provider pursuant to paragraph (i) of the Obligor Pre-Enforcement Priority of Payments, or paragraph (j) of the Obligor Post-Enforcement Priority of Payments;

"**Liquidity Reserve Required Amount**" means:

(a) if the T_1 Covenant Regime applies, zero;

(b) if the T2 Covenant Regime is applicable and the LTV as at the last Calculation Date is greater than 63.75% or the Historical ICR as at the last Calculation Date is less than 1.50x, on each Trap Date the full amount of the scheduled interest accruing on the principal amount outstanding of the Senior Debt Obligations taking into account any scheduled amounts payable to, or receivable from, any Hedge Counterparty, during the next Trap Period; and

(c) if the T3 Covenant Regime applies, on each Trap Date the full amount of the scheduled interest accruing on the principal amount outstanding of the Senior Debt Obligations, taking into account any scheduled amounts payable to, or receivable from, any Hedge Counterparty, during the next two Trap Periods;

"**Liquidity Shortfall**" means, on any Business Day, the amount (if any) by which the amounts to be applied on such Business Day under paragraphs (a) to (g) of the Obligor Pre-Enforcement Priority of Payments exceed the Available Funds;

"**Loan**" means the principal amount of a proposed borrowing under any Authorised Loan Facility or the principal amount outstanding of that borrowing;

"**Local Council Obligations**" means any guarantees, indemnities or performance notes provided by an Obligor on an unsecured basis to local councils in relation to the Properties in the Portfolio;

"**LTV**" means, as of any Calculation Date, the Net Debt divided by the Adjusted Total Collateral Value of the Portfolio, expressed as a percentage;

"**Major City**" means any of Birmingham, Edinburgh, Glasgow, Leeds, Liverpool, Greater London, Manchester, Newcastle upon Tyne or Nottingham;

"**Majority Lenders**" means, in relation to any Authorised Loan Facility, and subject to any provisions thereof for the disenfranchisement of any Lender or Lenders:

(a) if there are no Loans then outstanding, a Lender or Lenders whose commitments aggregate more than 66 2/3% of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66 2/3% of the Total Commitments immediately prior to the reduction); or

(b) at any other time, a Lender or Lenders whose participations in the Loans then outstanding aggregate more than 66 2/3% of all the Loans then outstanding;

"**Majority Requirement**" means, in relation to an Ordinary Voting Matter, an Extraordinary Voting Matter, an Entrenched Right, an Enforcement Instruction Notice, Further Enforcement Instruction Notice or Direction Notice, the majorities specified in the table set out on page 158 of this Prospectus, under the column entitled 'Voting Requirement';

"**Make-Whole Amount**" means (i) any spens, modified spens or equivalent payment that may be required on a voluntary early redemption of fixed rate Notes by the Issuer (and accordingly by FinCo under the corresponding ICL Loan) to compensate the Noteholders for a future loss of yield, in each case as specified and defined in the Conditions and the applicable Final Terms and (ii) any similar or equivalent amount due upon the early redemption or prepayment on a voluntary basis required pursuant to the terms of any other Authorised Finance Facility which accrues interest at a fixed rate, and, for the avoidance of doubt, not including Break Costs;

"**Mandate**" means the bank account mandate relating to:

(a) each of the Obligor Accounts; and

(b) the Issuer Account;

"**Market**" means the regulated market of the Irish Stock Exchange;

"**Market Value**" means:

(a) in the case of a Property or any Eligible Property, the market value attributed thereto in the most recent Valuation of the Portfolio or (if such Property or Eligible Property was not included in the most recent Valuation of the Portfolio) the most recent Valuation thereof; and

(b) in the case of the Portfolio as a whole, the aggregate Market Value of all of the Properties as calculated in accordance with (a) above, determined by the relevant Valuer in accordance with the definition of "market value" contained in Chapter 3 of the then current edition of the RICS Appraisal and Valuation Standards, or, subject to any requirement to the contrary contained in any applicable listing rules (where market value is calculated pursuant to such rules), such other methodology for determining market value as may be selected from time to time by FinCo acting reasonably and in accordance with Good Industry Practice and notified to the Rating Agency and the Obligor Security Trustee;

"**Master Definitions Agreement**" or "**MDA**" means the master definitions agreement entered into on the Initial Issue Date between, *inter alios*, the Obligors, the Issuer, the Obligor Security Trustee, the Issuer Trustee and the Authorised Finance Providers;

"**Material Adverse Effect**" means a material adverse effect on:

(a) the ability of any Obligor to perform and comply with its obligations under any Finance Document;

(b) the validity, legality or enforceability of any Finance Document;

(c) the validity, legality or enforceability of any Security Interest expressed to be created pursuant to any Obligor Security Document or on the priority and ranking of any of that Security Interest; or

(d) the business or financial condition of an Obligor taken as a whole,

in each case, other than as a result of a general reduction in the value of property in the United Kingdom, a new Valuation of the relevant Property or a reduction of Rental Income (whether projected or actual) in connection with the letting of all or part of the relevant Property;

"**Material Headlease**" means a headlease of all or part of any Eligible Property owned by an Obligor, which at any time, if the land the subject of such headlease had not been included as part of the then-current Valuation of the relevant Property of which such Eligible Property forms part, would in the reasonable opinion of the relevant Obligor result in a decrease in the then-current Valuation of the relevant Property by greater than 5%;

"**Materiality Report**" means the materiality reports prepared and delivered by Orrick, Herrington & Sutcliffe LLP and Anderson Strathern pursuant to the CP Agreement and any equivalent report given after the Initial Issue Date in respect of any Property acquired by the Security Group after the Initial Issue Date;

"**Maturity Restrictions**" means that, in respect of any Senior Debt Obligations (other than Senior Debt Obligations drawn on the Initial Issue Date) on the date of drawdown thereof by FinCo:

(a) the aggregate of all Senior Debt Obligations of FinCo falling due in any two year period must be less than 20 per cent. of the Total Collateral Value of the Portfolio; and

(b) the aggregate of all Senior Debt Obligations of FinCo falling due more than 25 years after such date of drawdown must be less than 20 per cent. of the Total Collateral Value of the Portfolio;

"**MiFID Regulations**" means the S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007;

"**Minor Occupational Interests**" means a licence which does not create a landlord and tenant interest, leases or licences of ATMs, a concession or franchise which does not create a landlord and tenant interest, a lease or licence of a car parking space, gaming machine, vending machine or to a car valet operator, a lease, licence or wayleave agreement or easement or servitude relating to telecommunications equipment or other services, documentation relating to advertising promotions and the like, a lease of an electricity substation, a lease of management offices or premises, or leases or licences of advertising space or media (whether internally or externally of the Property);

“**Net Basis**” means, in respect of a Proposed Additional Transaction, the Proposed Additional Transaction Tests shall be calculated on a net basis taking into account some or all of the Proposed Additional Transactions to be carried out in the Net Basis Testing Period;

“**Net Basis Testing Period**” means the period of 180 days from the date of a Proposed Additional Transaction (or the first Proposed Additional Transaction in a Transaction Series).

“**Net Debt**” means, at any time, a sum equal to the aggregate principal amount of the Senior Debt Obligations then outstanding, and excluding, for the avoidance of doubt, the principal amount outstanding of any Notes purchased by an Obligor in the open market, less the sum of the aggregate amount then standing to the credit of each of the Debt Service Account, the Prepayments Account, the Disposal/Withdrawal Deposit Account, the Deposit/Cure Account, the Insurance Proceeds Account, and the Defeasance Account and the value of any Eligible Investments then held by FinCo and made with funds standing to the credit of such accounts;

“**Net Disposal Proceeds**” means the consideration received by any Obligor for any Permitted Disposal under paragraphs (A), (B)(i) and (B)(v) of the definition of Permitted Disposal (in the case of B(v) only where the aggregate proceeds in any calendar year have exceeded £4,000,000 in respect of the Portfolio) made by any Obligor after deducting:

(a) any expenses, (including legal fees, agents’ commission, auditors’ fees, out-of-pocket redundancy costs, out-of-pocket closure costs, out-of pocket restructuring costs and out-of-pocket reorganisation costs both preparatory to and/or in consequence of the relevant disposal) which are reasonably incurred by any Obligor with respect to that Permitted Disposal to persons who are not members of the Security Group;

(b) any Tax arising from the Permitted Disposal and required to be paid or reserved for pursuant to the provisions of the Tax Deed of Covenant or otherwise by the seller in connection with that disposal (where such Tax is required to be paid, as reasonably determined by the seller on the basis of existing rates and taking into account any available credit, and where such Tax is required to be reserved, as determined in accordance with the Tax Deed of Covenant);

(c) any deferred consideration (but only until received, at which point such consideration shall constitute Net Disposal Proceeds);

(d) any amounts held in escrow or held in an account for warranty claims (but only until released from escrow or such accounts, at which point such amounts shall constitute Net Disposal Proceeds); and

(e) (i) any amount of reserve or any provisions made on account of any indemnity claim or other purchase price adjustment under the provisions of the relevant sale documentation until such amount is released, pursuant to such provisions, from such reserve or provision or the relevant indemnity claim is discharged or no longer applicable or the relevant purchase price adjustment is no longer applicable, at which point the amount of such reserve or provision or purchase price adjustment shall constitute Net Disposal Proceeds or (ii) any other provisions for liabilities in connection with such Permitted Disposal made in accordance with prudent commercial practice in connection with specific facts known to the relevant Obligor or Obligors, until such time as prudent commercial practice dictates that such provision for the relevant liability is no longer required, at which point the amount of such provision shall constitute Net Disposal Proceeds,

and provided that sums reserved or provided for (i) as required to be reserved pursuant to the provisions of the Tax Deed of Covenant under paragraph (b) above shall be deposited into the Tax Reserve Account in accordance with the Tax Deed of Covenant, or (ii) under paragraphs (a) to the extent not already paid, (b) (to the extent not required to be reserved for pursuant to the Tax Deed of Covenant), (d) and (e) above shall be deposited into the Disposal/Withdrawal Deposit Account in accordance with the applicable provisions of the

Obligor Cash Management Agreement and held therein until applied to meet the relevant liability or, in the alternative, once the same constitute Net Disposal Proceeds to be released and transferred to the Prepayments Account in accordance with the applicable provisions of the Obligor Cash Management Agreement;

"**Net Stable Funding Ratio**" has the meaning given to it on page 60 of this Prospectus;

"**NGN**" or "**New Global Note**" means a Temporary Global Note or a Permanent Global Note in the form set out in the Note Trust Deed and which is required for the Bearer Note represented thereby to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations;

"**Non-Common Documents**" means any Finance Document which is not a Common Document;

"**Non-Rental Income**" means the aggregate of all amounts payable by Tenants to or for the benefit or account of an Obligor under the terms of any Lease comprising:

(a) Service Charges;

(b) sinking fund payments; and

(c) any amount representing VAT chargeable in respect of Rental Income and items (a) and (b) above,

excluding, for the avoidance of doubt, any security deposits paid by such Tenants;

"**Non-Restricted Group**" means those members of the Group comprising the Non-Restricted Group Entities;

"**Non-Restricted Group Entity**" means any member of the Group other than an Obligor;

"**Noteholders**" means the holders from time to time of a Tranche or Series of Notes;

"**Noteholder Extraordinary Resolution**" means a resolution passed (a) at a meeting duly convened and held in accordance with the Note Trust Deed by a majority of at least 75 per cent. of the votes cast, or (b) by a Written Resolution;

"**Noteholders Meeting**" means, in respect of a Series or Tranche of Notes, a meeting of the relevant Noteholders held in accordance with the terms of the Note Trust Deed;

"**Notes**" means each Tranche or Series of the transferrable securities issued by the Issuer under the Programme and constituted by the Note Trust Deed;

"**Note Payment Date**" means, in relation to a Tranche of Notes, the date on which the interest due for the Interest Period becomes due to be paid as specified in the applicable Conditions under which payments of interest are determined for the relevant Tranche of Notes;

"**Note Trust Deed**" means the note trust deed dated on the Initial Issue Date and entered into between the Issuer and the Issuer Trustee as amended, novated or modified from time to time;

"**NSS**" or "**New Safekeeping Structure**" means the new safekeeping structure which applies to Registered Notes held in global form by a Common Safekeeper for Euroclear and Clearstream, Luxembourg and which is, *inter alia,* required for such Registered Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations;

"**Obligor**" means any of the Initial Obligors and any Additional Obligor and "**Obligors**" means all of them;

"**Obligor Account Bank**" means HSBC Bank plc or any Substitute Obligor Account Bank appointed pursuant to the Obligor Account Bank Agreement;

"**Obligor Account Bank Agreement**" means the agreement entered into on the Initial Issue Date between, *inter alios*, the Obligors, the Obligor Cash Manager, the Obligor Security Trustee and the Obligor Account Bank in connection with the holding of the Obligor Accounts;

"**Obligor Accounts**" means the Collections Accounts, the FinCo Collections Account, the Tenant Deposit Accounts, the Rent and General Account, the Opex Accounts, the Debt Service Account, the Liquidity Account, the Disposal/Withdrawal Deposit Account, the Hedge Collateral Accounts, the Deposit/Cure Account, the Development Account, the Restricted Payment Account, the Insurance Proceeds Account, the Prepayments Account, the Defeasance Account (if any), the Tax Reserve Account and any such other account as may be designated as such by FinCo and the Obligor Security Trustee, each an "**Obligor Account**";

"**Obligor Cash Management Agreement**" means the agreement entered into on the Initial Issue Date between, *inter alios*, the Obligors, the Obligor Cash Manager, the Obligor Security Trustee and the Obligor Account Bank in connection with the provision of Cash Management Services to the Obligors;

"**Obligor Cash Management Services**" means the obligations of the Obligor Cash Manager set out in the Obligor Cash Management Agreement;

"**Obligor Cash Manager**" means Intu Properties plc or any Substitute Cash Manager appointed pursuant to the Obligor Cash Management Agreement;

"**Obligor Deed of Charge**" means the deed of charge dated on the Initial Issue Date between, among others, the Obligors and the Obligor Security Trustee;

"**Obligor Deed of Charge Accession Deed**" means with respect to the Obligor Deed of Charge, the deed of accession to be entered into substantially in the applicable form set out in the Obligor Deed of Charge;

"**Obligor Deed of Charge Floating Security**" means the floating charge created pursuant to the Obligor Deed of Charge;

"**Obligor Enforcement Notice**" means a notice delivered by the Obligor Security Trustee in accordance with the provisions of the STID in respect of the Obligor Security, following which the Obligor Secured Liabilities shall become due and payable;

"**Obligor Event of Default**" means an event specified as such in the Common Terms Agreement;

"**Obligor Floating Charge Agreement**" means the agreement so named and entered into on the Initial Issue Date between the Obligors, the Issuer and the Obligor Security Trustee;

"**Obligor Guarantees**" means each guarantee provided on a joint and several basis by each Obligor in favour of the Obligor Security Trustee pursuant to the provisions of the Common Terms Agreement;

"**Obligor Post-Enforcement Priority of Payments**" has the meaning given to it on page 149 of this Prospectus;

"**Obligor Potential Event of Default**" means any event which, with the lapse of time and/or the giving of any notice and/or the making of any determination (in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Obligor Event of Default), will become an Obligor Event of Default;

"**Obligor Pre-Enforcement Priority of Payments**" has the meaning given to it on page 146 of this Prospectus;

“**Obligor Secured Liabilities**” means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Secured Participant under each Finance Document to which such Obligor is a party;

“**Obligor Security**” means the security constituted by the Obligor Security Documents and granted by any (or all) of the Obligors, any of the Obligor Guarantees in the Common Terms Agreement granted by any (or all) of the Obligors and any other guarantee or obligation to provide cash collateral or further assurance thereunder in favour of the Obligor Security Trustee for the benefit of the Secured Participants;

“**Obligor Security Accessions**” means an Obligor Deed of Charge Accession Deed or an OFCA Deed of Accession;

“**Obligor Security Documents**” shall mean:

(a) the Obligor Deed of Charge;

(b) any Standard Security;

(c) any Scottish Shares Pledge;

(d) the Obligor Floating Charge Agreement;

(e) the STID and each deed of accession thereto, together with any deed supplemental to the STID and referred to in the STID as a “Supplemental Deed”;

(f) any Assignation of Income; and

(g) any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Secured Participant in respect of the Obligor Secured Liabilities;

“**Obligor Security Trustee**” means HSBC Corporate Trustee Company (UK) Limited in its capacity as security trustee for the Secured Participants, which shall include all persons for the time being acting as the Obligor Security Trustee or security trustees under the Obligor Security Documents;

“**Obligor Valuation**” means, in relation to any Eligible Property (or the relevant Property taken as a whole), a valuation of the Security Group’s or any Obligor or Obligors’ (without double counting) interest therein, or the interest therein of any Additional Obligor, or other entity from which an Obligor is acquiring such Eligible Property, by a Valuer instructed by the Obligors or any of them in accordance with the Common Terms Agreement, addressed to (and capable of being relied upon by) the Obligor Security Trustee on behalf of the Secured Participants, which in each case (i) has been undertaken in accordance with the then-current edition of the RICS Appraisal and Valuation Standards (or such other standards as are in accordance with prevailing market practice) and (ii) the instructions by the relevant Obligor in respect of which Obligor Valuation do not contain any special assumptions which would be unusual in the context of such a valuation of properties of the same type and nature as the Properties;

“**Occupational Lease**” means any occupational lease or licence or other right of occupation to which the relevant Property may be subject from time to time;

“**OFCA Deed of Accession**” means with respect to the Obligor Floating Charge Agreement, a deed of accession to be entered into substantially in the applicable form set out in the Obligor Floating Charge Agreement;

“**OFCA Floating Security**” means the floating charges granted by the Obligors in favour of the Obligor Security Trustee (on trust for the Issuer) pursuant to the Obligor Floating Charge Agreement;

"**OFCA Secured Liabilities**" means, in respect of any Obligor, (1) all sums from time to time owing to the Issuer under any Intercompany Loan Agreement, (2) all sums eventually falling due and payable by such Obligor (if any) to the Issuer under the loan referred to in the Obligor Floating Charge Agreement and made to such Obligor, (3) all obligations under and amounts owed to the Issuer by each Obligor under the Obligor Guarantees provided pursuant to the Obligor Deed of Charge and (4) all fees and expenses payable by the Obligors to the Obligor Security Trustee (and any administrative receiver) by way of joint and several liability under the Obligor Floating Charge Agreement;

"**Official List**" means the official list of the Irish Stock Exchange;

"**Ongoing Facility Fee**" means the fees paid by FinCo to the Issuer under each ICL Loan, which shall be equal to the aggregate of the ongoing costs, liabilities and expenses arising to the Issuer in respect of the corresponding Tranche of Notes, including, without limitation, all amounts payable in accordance with the Issuer Pre-Enforcement Priority of Payments in respect of such Tranche of Notes;

"**Operating Expenses**" means all fees, costs and expenses incurred (or to be incurred, as the case may be) by the Security Group (including VAT properly chargeable thereon) in the day to day operation of the Properties in accordance with Good Industry Practice, including but not limited to:

(a) all such amounts recoverable by way of Service Charges payable by any Tenant;

(b) all rates and utility provider costs;

(c) the funding of leasing activities;

(d) premia on insurances in relation to the Properties;

(e) maintenance expenditure in respect of the Properties which does not constitute a Development;

(f) the cost of any Authorisations necessary, customary or desirable for the Properties; and

(g) reimbursement to any Non-Restricted Group Entity of Operating Expenses paid by it on behalf of any Obligor,

but excluding:

(i) Taxes (other than VAT);

(ii) any amounts due and payable in respect of the Senior Debt Obligations;

(iii) any payment of dividend or other distribution;

(iv) depreciation, non-cash charges, reserves, amortisation of intangibles and similar book-keeping entries; and

(v) any item for which specific provision for the payment thereof is otherwise made in the Priorities of Payments;

"**Opex Accounts**" means the accounts, in the name of each PropCo held with the Obligor Account Bank with account details as follows:

(a) the Lakeside opex account number 73919258;

(b) the Watford opex account number 73923139;

(c) the Braehead opex account number 73765691;

(d) the Victoria Centre opex account number 73921364, and in each case any other account designated as such by FinCo and the Obligor Security Trustee;

"**Opinions**" means (i) in respect of the Initial Issue Date, the legal opinions listed in the CP Agreement; (ii) in respect of the accession of an Additional Obligor, the legal opinions listed in the Common Terms Agreement and (iii) in respect of any Authorised Finance Facility entered into after the Initial Issue Date, any legal opinions issued in connection with such Authorised Finance Facility;

"**Ordinary Voting Matter**" means intercreditor matters for decisions pursuant to the STID and which are not Discretion Matters or Extraordinary Voting Matters (and does not include, for the avoidance of any doubt, any Reserved Matter);

"**OST Valuation**" means in relation to any Eligible Property (or the relevant Property taken as a whole), a valuation of the Security Group's or any Obligor or Obligors' (without double counting) interest therein, or the interest therein of any Additional Obligor, or other entity from which an Obligor is acquiring such Eligible Property, by a Valuer (which shall be independent of the Group and shall confirm to the Obligor Security Trustee that it has no conflict of interest in carrying out the OST Valuation) directly instructed by the Obligor Security Trustee (acting in accordance with the STID) in accordance with the CTA, addressed to (and capable of being relied upon by) the Obligor Security Trustee on behalf of the Secured Participants, which in each case (i) has been undertaken in accordance with the then-current edition of the RICS Appraisal and Valuation Standards (or such other standards as are in accordance with prevailing market practice) and (ii) the instructions by the Obligor Security Trustee (acting in accordance with the STID) in respect of which OST Valuation do not contain any special assumptions which would be unusual in the context of such a valuation of properties of the same type and nature as the Properties. The appointed Valuer shall be independent and shall confirm to the Obligor Security Trustee that is has no conflict of interest carrying out the OST Valuation;

"**Other Applicable Senior Debt**" has the meaning given to it on page 143 of this Prospectus;

"**Outstanding Principal Amount**" means, as at any date that the same falls to be determined in accordance with the STID (and, for the avoidance of doubt, subject to the provisions of the STID as described in the section entitled '*Description of the Principal Transaction Documents – Security Trust and Intercreditor Deed – Voting by Non-Restricted Group Entity*' on page 163):

(a) in respect of any ICL Loan and (without double counting) the corresponding Tranche of Notes, the principal aggregate amount outstanding of the Notes constituting such Tranche of Notes; and, in respect of a Note, the principal amount outstanding of such Note;

(b) in respect of any PP Notes, the principal aggregate amount outstanding thereof; and, in respect of a PP Note, the principal amount outstanding of such PP Note;

(c) in respect of an Authorised Loan Facility:

 (i) in respect of an Enforcement Instruction Notice, Further Enforcement Instruction Notice or if an Enforcement Period is continuing, the principal amount outstanding of such Authorised Loan Facility; and

 (ii) in respect of a resolution of a simple majority of the Voted Qualifying Debt, a resolution of 66.67 per cent. of the outstanding Voted Qualifying Debt, Instruction Notice or Direction Notice when, in each case, an Enforcement Period is not continuing, the aggregate of (i) the principal amount outstanding of such Authorised Loan Facility and (ii) the total undrawn commitments under such Authorised Loan Facility, but in all cases, subject to the provisions of the Initial Authorised Loan Facility Agreement and any equivalent provision in any Authorised Loan Facility entered into after the Initial Issue Date; and

(d) in respect of any Hedging Agreement:

(i) if paragraph (ii) below does not apply, zero; and

(ii) (X) prior to the delivery of an Obligor Enforcement Notice, in respect of a vote in relation to the matters contemplated in paragraphs (a), (d), (e) or (n) of the definition of Extraordinary Voting Matters only, or (Y) if an Enforcement Period is continuing, the greater of zero and the net aggregate amount owed (or deemed owed) by the Obligors to such Hedge Counterparty in respect of all Transactions (as defined in the Hedging Agreement) between such Obligors and the Hedge Counterparty on the basis that an Early Termination Date (as defined in the Hedging Agreement and resulting from an Obligor Event of Default with FinCo as the Defaulting Party (as defined in the relevant Hedging Agreement)) has occurred (or is deemed to have occurred):

(A) in the case of Hedging Agreements in respect of which an Early Termination Date (as defined in the Hedging Agreement) has not actually occurred, at the latest practicable time for the calculation thereof prior to the deadline for submitting a vote of the relevant Hedge Counterparty in respect of the relevant matter (which shall be by 3pm on the Business Day prior to the last Business Day of the relevant Decision Period); and

(B) in the case of Hedging Agreements in respect of which an Early Termination Date (as defined in the Hedging Agreement) has actually occurred, on the date of such occurrence;

all as most recently certified or notified to the Obligor Security Trustee, where applicable, pursuant to the provisions of the STID;

"**Overhedging Limit**" means the principal amount of the Senior Debt Obligations outstanding which accrue interest at a floating rate will not be hedged through Hedging Agreements with an aggregate notional amount of greater than 110% of the principal amount outstanding of such Senior Debt Obligations;

"**Parent**" means Intu Properties plc;

"**Partnership**" means The Victoria Centre Partnership, a limited partnership under the Limited Partnerships Act 1907 registered in England and Wales with its registered office at 40 Broadway, London SW1H 0BU (registered number LP004172);

"**Paying Agency Agreement**" means the Paying Agency Agreement dated on the Initial Issue Date between the Issuer, the Issuer Trustee, the Principal Paying Agent and the other agents named in it relating to the Programme;

"**Paying Agents**" means the Principal Paying Agent and the Paying Agents referred to in the Paying Agency Agreement and such further or other Paying Agent or Agents as may be appointed from time to time;

"**Perfection Requirements**" means the making of the appropriate registrations, filings or notifications of the Obligor Security Documents as specifically contemplated by any legal opinion delivered pursuant to the relevant provisions of the CP Agreement;

"**Permanent Global Note**" has the meaning given to it in the Note Trust Deed;

"**Permitted Acquisition**" means:

A.

(a) the acquisition of any Eligible Property, or of an entity which owns any Eligible Property and has satisfied the requirement for becoming an Additional Obligor, for transfer into the Portfolio or the Security Group (as the case may be) by acquisition or transfer, subject to the provision of certain pro forma or agreed form documents to the Obligor Security Trustee (acting reasonably) as follows:

(i) appropriate transfer and security documentation to effect the acquisition, in form and substance satisfactory to the Obligor Security Trustee (acting reasonably), and provided that in the case of an Eligible Property which is Eligible JV Interest, security will be granted in favour of the Obligor Security Trustee over the Eligible JV Interest, not over the underlying Property);

(ii) legal opinions, in form and substance satisfactory to the Obligor Security Trustee (acting reasonably), confirming the legal, valid, binding and enforceable nature of the relevant transaction documents;

(iii) an agreed form Certificate of Title and Materiality Report, in form and substance satisfactory to the Obligor Security Trustee (acting reasonably) where the Eligible Property has a Market Value in excess of £5,000,000);

(iv) a copy of the most recent Valuation in relation to the relevant Eligible Property, addressed to the Obligor Security Trustee (or, in relation to a Permitted Acquisition of an Eligible Property which is a Proposed Additional Transaction being undertaken as part of a Transaction Series, a copy of the most recent OST Valuation procured by FinCo in relation to such Eligible Property pursuant to the covenant on valuation of the portfolio provided for in the Common Terms Agreement);

(v) a copy of any relevant asset management or servicing agreement;

(vi) an updated structural report or survey;

(vii) an updated desk-top environmental report (where the relevant Eligible Property has a Market Value in excess of £5,000,000);

(viii) a full tenancy schedule for the relevant Property;

(ix) a desktop insurance valuation and broker report on insurances;

(x) such other information as the Obligor Security Trustee may reasonably request being substantially equivalent to the information provided in relation to the Initial Obligors and the Properties comprising the Portfolio on the Initial Issue Date;

(xi) solvency certificate signed by a director of the transferor entity (where the Eligible Property has been previously transferred during the preceding two years); and

(xii) a certificate of FinCo, signed by two directors of FinCo, one of which will be the finance director or chief financial officer thereof, confirming:

A. that the acquisition was conducted on arm's length terms

B. the date of proposed acquisition;

C. that the acquisition will not cause a breach of a Financial Covenant;

D. that (where the acquisition constitutes a Proposed Additional Transaction) the required calculation of the Pro Forma LTV, Projected ICR and Pro Forma Projected ICR pursuant to the provisions of 'Covenant Testing' of the Common Terms Agreement has been performed has been performed and the results thereof and the consequences of such results, and whether the Pro Forma LTV, Projected ICR and Pro Forma Projected ICR has been tested on an Individual Basis or Net Basis; and

E. that there has been no material diminution in the Valuation of the relevant Eligible Property where the Valuation provided is more than 6 months old as confirmed in writing by the relevant Valuer to FinCo and the Obligor Security Trustee; and

F. that the Asset Criteria will be complied with following the acquisition;

G. the relevant transaction documents constitute, subject to any reservations contained in any associated legal opinion, the legal, valid, binding and enforceable obligations of the parties thereto and are admissible in evidence in the jurisdiction of incorporation of the acquiring Obligor or Additional Obligor (as the case may be) and in the jurisdiction whose laws govern such transaction documents;

H. the repeated representations required to be made pursuant to provisions of the CTA are true and accurate as at the date of the acquisition; and

I. the provisions on acquisitions and disposals under the Tax Deed of Covenant have been or will be complied with, as applicable;

(xiii) where the relevant Eligible Property is, or will be, currently held by an entity which is not an Obligor, it must prior to or contemporaneously with the acquisition become a member of the Security Group, by the provision of certain pro forma or agreed form documents to the Obligor Security Trustee (acting reasonably) as follows:

A. an Accession Memorandum; and

B. the conditions precedent to be delivered by an Additional Obligor set out in the Common Terms Agreement;

C. in relation to any Additional Obligor which is not incorporated in any of England and Wales, Scotland, Isle of Man or Jersey, evidence in writing of the consent to such accession by the Obligor Security Trustee acting in accordance with the STID (together with such supporting documentation, including legal opinions, as the Obligor Security Trustee may reasonably request in order to permit it to give such consent).

D. the Obligor Security Accessions; and

E. a memorandum of accession to the Property Administration Agreement;

B.

(a) any acquisition of moveable plant and machinery and fixtures and fittings in accordance with Good Industry Practice; and

(b) any acquisition in the ordinary course of business of any asset in connection with the Permitted Business of the relevant Obligor (other than any acquisition referred to in paragraph A.(a) above).

"**Permitted Additional Financial Indebtedness**" means:

(a) Financial Indebtedness incurred under a Hedging Agreement in compliance with the Hedging Covenant of the Common Terms Agreement;

(b) Permitted Subordinated Obligations in an unlimited aggregate amount;

(c) Third Party Unsecured Financial Indebtedness in an aggregate amount which, after taking into account any sequence of Permitted Acquisitions, Permitted Withdrawals, Permitted Disposals, Restricted Payments or other transactions which have occurred on or prior to the date of intended incurrence thereof and which have the net effect of ensuring that this restriction is complied with, would not cause the UD Headroom Test to be breached; and

(d) Senior Debt Obligations in an aggregate amount which, after taking into account any sequence of Permitted Acquisitions, Permitted Withdrawals, Permitted Disposals, Restricted Payments or other transactions which have occurred on or prior to the date of intended incurrence thereof and which have the net effect of ensuring that the following restrictions are complied with:

A. would not cause a breach of a Financial Covenant;

B. is not incurred while the T2 or T3 Covenant Regimes apply, and would not cause the T2 or T3 Covenant Regime to apply (save where such Senior Debt Obligations are to be applied fully to the refinancing of existing Senior Debt Obligations and the principal amount of the Senior Debt Obligations outstanding immediately after the issuance or the incurrence of the additional Senior Debt Obligations and refinancing of the existing Senior Debt Obligations does not exceed the principal amount of Senior Debt Obligations outstanding immediately prior to such further issuance or incurrence);

C. would not (other than in the case of the initial Senior Debt Obligations drawn down on the Initial Issue Date) breach the Maturity Restrictions;

D. would not breach the Senior Debt Obligations Limit;

E. would not cause the aggregate principal amount outstanding of Senior Debt Obligations as a percentage of Total Collateral Value to be greater than 50 per cent. after such Senior Debt Obligations have been drawn (save where such Senior Debt Obligations are to be applied fully to the refinancing of existing Senior Debt Obligations and the principal amount of the Senior Debt Obligations outstanding immediately after the issuance or the incurrence of the additional Senior Debt Obligations and refinancing of the existing Senior Debt Obligations does not exceed the principal amount of Senior Debt Obligations outstanding immediately prior to such further issuance or incurrence);

F. would not be incurred in any currency other than Sterling;

G. would not be incurred with a coupon which is other than a fixed or floating rate; and

H. in the case of Notes corresponding to the ICL Loans, have a date of legal final maturity thereof being at least 5 years after the date of maturity of the corresponding ICL Loans made by the Issuer to FinCo;

"**Permitted Advance/Guarantee**" means:

(a) the Obligor Guarantees;

(b) any advance, guarantee or indemnity:

(i) as permitted under the Finance Documents, including by way of making any payment from the Restricted Payment Account in accordance with the relevant provisions of the Obligor Cash Management Agreement, and in advancing to another Obligor any Subordinated Security Group Financial Indebtedness;

(ii) to a Tenant or licensee of the Obligor in the ordinary course of business in accordance with Good Industry Practice; or

(c) any advance, or other loan to the extent made from funds which would otherwise be available to be paid as Restricted Payments and could have been paid in accordance with the Finance Documents as a Restricted Payments;

"**Permitted Business**" means:

(a) in relation to SGS HoldCo and SGS SPV only:

(i) (in the case of SGS HoldCo only) the ownership of shares in SGS SPV;

(ii) (in the case of SGS SPV only) the ownership of shares in FinCo and Lakeside Co, Watford Co, Braehead Co 1, Braehead Co 2, Investments Co and Victoria Centre Co 1;

(iii) entering into and performing the transactions contemplated by or not prohibited by the Finance Documents (and incurring any costs or liabilities in connection with the entry into or performance of such transactions); and

(iv) declaring, making or paying Restricted Payments, subject to the terms of the Finance Documents;

(b) in relation to FinCo only:

(i) the raising of Financial Indebtedness in accordance with the Finance Documents;

(ii) the ownership of cash or cash equivalents;

(iii) incurring professional fees in relation to its activities under the Finance Documents;

(iv) operating bank accounts or making payments or incurring liabilities under the Finance Documents; and

(v) entering into and performing the transactions contemplated by or not prohibited by the Finance Documents (and incurring any costs or liabilities in connection with the entry into or performance of such transactions);

(c) in relation to each PropCo only:

(i) the ownership, holding, management, development and operation of the Properties owned by such PropCo, of shopping centre assets comparable to the Properties and of any Eligible Property and any activities incidental, ancillary or complementary to such ownership, holding, management, development and operation (which may include the development, extension or refurbishment of the Properties);

(ii) operating bank accounts or making payments or incurring liabilities under the Finance Documents; and

(iii) entering into and performing the transactions contemplated by or not prohibited by the Finance Documents (and incurring any costs or liabilities in connection with the entry into or performance of such transactions);

(d) in relation to Victoria Centre Co 1 only:

  (i) acting as general partner for the Partnership and carrying out all actions in relation thereto; and

  (ii) the ownership of shares in Victoria Centre Co 3 and Victoria Centre Co 4 and the management of those entities; and

(e) in relation to each of the Victoria Centre Cos and Investments Co comprising the Partnership, and the Partnership as a whole, entering into and performing the transactions contemplated by or not prohibited by the Finance Documents (and incurring any costs or liabilities in connection with the entry into or performance of such transactions).

"**Permitted Disposal**" means:

(A)

  (i) the sale of an Obligor, or an ownership interest in an Obligor, other than FinCo or of the shares in SGS SPV held by SGS HoldCo, by the Security Group; or

  (ii) the sale from the Portfolio of any Eligible Property or Eligible Properties,

in each case for cash consideration on arm's length terms whether tested on an Individual Basis or a Net Basis and in each case provided that Lakeside may not be sold out of the Security Group during a period of 3 years from the Initial Issue Date (but this will not prevent the sale of an Eligible JV Interest in the Lakeside and inclusion thereof in the Portfolio during this period subject to such sale otherwise being in compliance with the Finance Documents) and that certain pro forma or agreed form documents are provided to the Obligor Security Trustee (acting reasonably) as follows:

  (a) appropriate transfer documentation and security releases to effect the disposal, in form and substance satisfactory to the Obligor Security Trustee (acting reasonably); and

  (b) a certificate of FinCo or the transferor Obligor signed by two directors of the relevant Obligor, one of which will be the finance director or chief financial officer thereof confirming that:

    A. the transfer is conducted on arm's length terms;

    B. no Default is continuing or a Default has occurred and is continuing and the disposal of the relevant Obligor or Eligible Property (as applicable) would have the effect of remedying such Default and, in each case, that no Default will occur as a result of such disposal;

    C. the amount of the sales proceeds (net of tax and other expenses);

    D. the disposal will not cause a breach of a Financial Covenant;

    E. (where the disposal constitutes a Proposed Additional Transaction) the required calculation of the Pro Forma LTV, Projected ICR and Pro Forma Projected ICR pursuant to the provisions on 'Covenant Testing' of the Common Terms Agreement has been performed and the results thereof and the consequences of such results and whether the Pro Forma LTV, Projected ICR and Pro Forma Projected ICR has been tested on an Individual Basis or Net Basis;

    F. the proceeds of the disposal will be applied as permitted by the Finance Documents;

    G. the Asset Criteria will be complied with following the disposal;

    H. (in relation to the disposal of an Obligor only) the shares in the relevant Obligor are to be disposed of to a person outside the Security Group;

I. the relevant transaction documents constitute, subject to any reservations contained in any associated legal opinion, the legal, valid, binding and enforceable obligations of the parties thereto and are admissible in evidence in the jurisdiction of incorporation of the disposing Obligor and the jurisdiction whose laws govern such transaction documents;

J. the transfer could not reasonably be expected materially to prejudice the rights of the Obligor Security Trustee to take Enforcement Action in accordance with the STID in relation to the remainder of the Charged Property; and

K. the provisions on acquisitions and disposals of the Tax Deed of Covenant have been or will be complied with, as applicable;

(B)

(i) the grant of any Capital Lease (the proceeds of which will be deposited into the Prepayments Account in accordance with the applicable provisions of the Common Terms Agreement and the Obligor Cash Management Agreement);

(ii) the Victoria House Disposal (the proceeds of which will be deposited into the Restricted Payment Account in accordance with the applicable provisions of the Common Terms Agreement and the Obligor Cash Management Agreement);

(iii) a disposal or replacement of moveable plant and machinery, and/or fixtures and fittings, in accordance with Good Industry Practice (the proceeds of which will be deposited into the Restricted Payment Account in accordance with the applicable provisions of the Common Terms Agreement and the Obligor Cash Management Agreement);

(iv) disposals in the ordinary course of trade in accordance with Good Industry Practice of any asset which is subject to the floating charge created under the Obligor Security Documents but which is not subject to any fixed security, legal mortgage or standard security granted under or pursuant to the Obligor Deed of Charge (the proceeds of which will be deposited into the Restricted Payment Account in accordance with the applicable provisions of the Common Terms Agreement and the Obligor Cash Management Agreement); and

(v) the disposal of land forming part of any Properties that cannot be viewed as an integral part of the Property if FinCo or the disposing Obligor deliver a certificate to the Obligor Security Trustee confirming that:

A. the land being disposed is not an integral part of the relevant Property;

B. no Default is outstanding or would result from that disposal;

C. the value of the relevant Property immediately after that disposal is not less than 99 per cent. of the value of the relevant Property immediately before the disposal; and

D. the aggregate annual rent receivable from the relevant Property immediately after the disposal is not less than 99 per cent. of the annual rent receivable from the relevant Property immediately before the disposal;

provided that, following the occurrence of the PM Trigger, any disposal under this paragraph (v) may only be made 2 times in any period of 6 months (the proceeds of which will, if in excess of £4,000,000 in aggregate in respect of the Portfolio, be deposited into the Prepayments Account in accordance with the applicable provisions of the Common Terms Agreement and the Obligor Cash Management Agreement, and if less than £4,000,000 in aggregate in respect of the Portfolio, be deposited into the Rent and General Account in accordance with the applicable provisions of the Common Terms Agreement and the Obligor Cash Management Agreement);

"**Permitted Financial Indebtedness**" means:

(a) any Initial Financial Indebtedness;

(b) any Permitted Additional Financial Indebtedness; and

(c) any Financial Indebtedness approved by the Obligor Security Trustee (acting in accordance with instructions received under the STID;

"**Permitted Other Debt Obligations**" means any Subordinated Security Group Financial Indebtedness, Subordinated NRG Financial Indebtedness or Third Party Unsecured Financial Indebtedness;

"**Permitted Reorganisation**" means:

(a) a change in the composition, ownership or holding structure of any Property; and/or

(b) a change in the corporate structure, nature or composition of the Security Group or of any individual Obligor comprised therein; and/or

(c) the removal from the Security Group of an Obligor which is dormant or which otherwise no longer has any outstanding indebtedness to FinCo in respect of any intercompany loan made available by FinCo using the proceeds of any Authorised Finance Facility; and/or

(d) the modification of certain of the terms and conditions of, or the covenants contained in, the Finance Documents,

which may be proposed by FinCo and will be permitted provided that FinCo delivers a certificate to the Obligor Security Trustee signed by two directors of FinCo, one of which will be the finance director or chief financial officer thereof:

(i) describing, in reasonable detail, the proposed changes;

(ii) certify that such changes and/or the modifications are necessary or desirable to achieve FinCo's stated purpose;

(iii) confirming that such reorganisation does not involve or result in a sale or transfer of the shares in SGS SPV held by SGS HoldCo;

(iv) confirming, in the case of (c) above that such removal will have no effect on the transaction LTV or Historical ICR;

(v) confirming that any proposed modifications to the Finance Documents involve no Basic Terms Modification, no Extraordinary Voting Matters, no modification to an Entrenched Right (unless in each case the necessary consents are obtained in accordance with the STID), and could not reasonably be expected to have a Material Adverse Effect;

(vi) attaching certain pro forma or agreed form documents necessary to amend the transaction documents and effect the proposed changes in form and substance satisfactory to the Obligor Security Trustee (acting reasonably);

(vii) attaching a legal opinion, in form and substance satisfactory to the Obligor Security Trustee (acting reasonably) as to, inter alia, the continued enforceability of the Security, the legal, valid, binding and enforceable nature of the reorganised entity's obligations under the Finance Documents, the solvency of the reorganised entity and the priority of the Obligor Secured Liabilities not being materially prejudiced;

(viii) attaching evidence in form and substance satisfactory to the Obligor Security Trustee (acting reasonably) or with a confirmation from an appropriate third party expert of sufficient standing that there is not expected to be a material negative impact on the cashflow analysis contained in the financial model for the transaction;

(ix) the transaction could not reasonably be expected materially to prejudice the rights of the Obligor Security Trustee to take Enforcement Action in accordance with the STID in relation to the remainder of the Charged Property;

(x) attaching a tax opinion provided by an Approved Firm in form and substance satisfactory to the Obligor Security Trustee (acting reasonably) confirming the tax regime applicable to the transaction following the reorganisation;

(xi) confirming that (if applicable) the provisions of the Tax Deed of Covenant relating to acquisitions and disposals have been complied with; and

(xii) confirming and attaching a Ratings Affirmation which has been received;

"**Permitted Security Interest**" means:

(a) any Security Interest created under the Obligor Security Documents or expressly contemplated by the Finance Documents;

(b) any lien arising by operation of law or pursuant to a contractual arrangement and in the ordinary course of trading and not as a result of any default or omission by any member of the Security Group;

(c) any netting or set-off arrangement entered into by any member of the Security Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Security Group;

(d) any netting or set-off arrangements under Hedging Agreements;

(e) any Security Interest arising by way of retention of title to goods by the supplier of those goods in the ordinary course of business;

(f) any Security Interest over an asset (other than an interest in the Property, Rental Income, a Hedging Agreement or an Obligor Account) securing indebtedness the amount of which does not exceed £200,000 or its equivalent at any time for any one asset; or

(g) any Security Interest created with the prior consent of the Obligor Security Trustee;

"**Permitted Subordinated Obligations**" means any Subordinated Security Group Financial Indebtedness or Subordinated NRG Financial Indebtedness;

"**Permitted Withdrawal**" means:

(a) the release or withdrawal of an Obligor (other than FinCo or of the shares in SGS SPV held by SGS HoldCo) from the Security Group; or

(b) the release or withdrawal from the Portfolio of any Eligible Property or Eligible Properties,

in each case for no, or nominal, consideration, or in consideration for the discharge of Subordinated NRG Financial Indebtedness, as a dividend, as part of a capital reduction or in any other manner permitted by law, provided that, in each case, there may not be a Withdrawal of Lakeside from the Security Group during a period of 3 years from the Initial Issue Date (but this will not prevent the sale of an Eligible JV Interest in Lakeside and inclusion thereof in the Portfolio during this period, subject to such sale otherwise being in compliance with the

Finance Documents), and provided, in each case, that certain pro forma or agreed form documents are provided to the Obligor Security Trustee (acting reasonably) as follows:

(i) appropriate transfer documentation and security releases to effect the withdrawal, in form and substance satisfactory to the Obligor Security Trustee (acting reasonably);

(ii) legal opinions, in form and substance satisfactory to the Obligor Security Trustee (acting reasonably), confirming, *inter alia,* the legal, valid, binding and enforceable nature of the relevant transaction documents; and

(iii) a certificate of FinCo or the transferor Obligor signed by two directors of the relevant Obligor, one of which will be the finance director or chief financial officer thereof confirming that:

A. no Default is continuing or a Default has occurred and is continuing and the withdrawal of the relevant Obligor would have the effect of remedying such Default and, in each case, that no Default will occur as a result of such withdrawal;

B. the withdrawal will not cause a breach of a Financial Covenant;

C. (where the withdrawal constitutes a Proposed Additional Transaction) the required calculation of the Pro Forma LTV, Projected ICR and Pro Forma Projected ICR pursuant to the provisions on 'Covenant Testing' of the Common Terms Agreement has been performed and stating the results thereof and the consequences of such results and whether the Pro Forma LTV, Projected ICR and Pro Forma Projected ICR has been tested on an Individual Basis or Net Basis;

D. the proceeds of the withdrawal will be applied as permitted by the Finance Documents;

E. the Asset Criteria will be complied with following the withdrawal or release;

F. in relation to the withdrawal of an Obligor only) as a result of the withdrawal, the shares in the relevant Obligor will be owned by a person outside the Security Group;

G. the relevant transaction documents constitute, subject to any reservations contained in any associated legal opinion, the legal, valid, binding and enforceable obligations of the parties thereto and are admissible in evidence in the jurisdiction of incorporation of the disposing Obligor and the jurisdiction whose laws govern such transaction documents;

H. the transaction could not reasonably be expected materially to prejudice the rights of the Obligor Security Trustee to take Enforcement Action in accordance with the STID in relation to the remainder of the Charged Property; and

I. either the Permitted Withdrawal does not fall within the restrictive provisions of the Tax Deed of Covenant or, if it does fall within such provisions, that the provisions on acquisition and disposals of the Tax Deed of Covenant have been or will be complied with, as applicable,

and provided further that any Tax or other costs to the Security Group arising as a result of the Withdrawal are borne by the Parent, and not the Obligors;

"**PM Trigger**" means if the LTV is greater than 63.75% or the Historical ICR is less than 1.50x;

"**Portfolio**" means, at any time, all of the Properties together plus any Eligible JV Interests owned by an Obligor or Obligors;

"**PP Note Documents**" means, in relation to any issuance of PP Notes, the transaction documents entered into in relation thereto and designated as such by agreement between FinCo and the Obligor Security Trustee, including (without limitation):

(a) the relevant note purchase or subscription agreement;

(b) any related trust deed;

(c) the PP Notes;

(d) the associated investor letters;

(e) any placement agent letter;

(f) the related Accession Memorandum; and

(g) any other document designated as such by agreement between FinCo and the Obligor Security Trustee;

"**PP Noteholders**" means the holders from time to time of PP Notes;

"**PP Notes**" means transferable securities issued directly by FinCo to institutional investors by private placement thereof, subject to the terms of the Common Terms Agreement and the other Finance Documents;

"**Preliminary Prospectus**" means, in relation to any issue of Notes under the Programme, any preliminary prospectus of the Issuer;

"**Prepayment Principles**" means the principles pursuant to which the Senior Debt Obligations will be prepaid as set out in the Common Terms Agreement and described in page 142 of this Prospectus;

"**Prepayments Account**" means the account in the name of FinCo held with the Obligor Account Bank with account number 73840012, or such other account as may be designated as such by FinCo and the Obligor Security Trustee;

"**Prepayment Amount**" means, where prepayment of the Senior Debt Obligations is required in accordance with the Common Terms Agreement, the amount to be applied in prepayment of the Senior Debt Obligations in accordance with the Prepayment Principles;

"**Prime Shopping Centre**" means a shopping centre which, as at the date of inclusion in the Portfolio:

(a) provides a minimum of 450,000 square feet of gross lettable floor area;

(b) is certified by the Valuer as being located in any postcode of a Major City, a Regional Centre or a Sub-Regional Centre, or being a Regional Shopping Centre;

(c) is anchored by a department store which is one of John Lewis, Debenhams, House of Fraser, Selfridges, Marks and Spencer or another entity which the Valuer certifies is reasonably comparable to John Lewis, Debenhams, House of Fraser, Selfridges or Marks and Spencer;

(d) provides a mix (in any number of the following in each category) of unit shops, large space units (10,000 – 40,000 square feet) and major space units (40,000 square feet or greater);

(e) has a majority of gross lettable floor area let to international, national and regional retailers;

(f) includes any mix of retail, catering units or leisure units;

(g) includes car parking space which links directly to the shopping centre; and

(h) includes units which do not contain a tenant with an aggregate estimated rental value not exceeding 10 per cent. of the total estimated rental value of that centre;

"**Principal Paying Agent**" means HSBC Bank plc or such other Principal Paying Agent as may be appointed in accordance with the Paying Agency Agreement either generally or in relation to a specific Series or Tranche of Notes;

"**Priorities of Payments**" means the Obligor Pre-Enforcement Priority of Payments or, as the case may be, the Obligor Post-Enforcement Priority of Payments;

"**Pro Forma LTV**" means, in relation to any Proposed Additional Transaction, the LTV tested by FinCo on a pro forma basis, as if the relevant Proposed Additional Transaction had occurred and been included in the calculation of the LTV as at the most recent Calculation Date (using, for this purpose, the current Valuation in respect of an asset the subject of a Proposed Additional Transaction) and means, in relation to any Compliance Certificate (Post-Forfeiture), the LTV tested by FinCo on a pro forma basis, as if the relevant Material Headlease had not been included as part of the then-current Valuation of the relevant Property of which the Eligible Property to which such Material Headlease relates formed part, and had accordingly not been included in the calculation of the LTV as at the most recent Calculation Date;

"**Pro Forma Projected ICR**" means, in relation to any Proposed Additional Transaction, the Projected ICR tested by FinCo on a pro forma basis, as if the relevant Proposed Additional Transaction had occurred and been included in the calculation of the Projected ICR performed in connection with the Proposed Additional Transaction and means, in relation to any Compliance Certificate (Post-Forfeiture), the Projected ICR tested by FinCo on a pro forma basis, as if the relevant Material Headlease had not been included as part of the relevant Property of which the Eligible Property to which such Material Headlease relates formed part, and had accordingly not been included in the calculation of the Projected ICR in connection with such Compliance Certificate (Post-Forfeiture);

"**Pro Rata Basis**" means that the relevant Prepayment Amount (as defined in the section of this Prospectus entitled "*Description of the Principal Transaction Documents – Common Terms Agreement – Prepayment Events and Principles*" at page 136 above) will be apportioned between the relevant Senior Debt Obligations according to the proportions which the aggregate nominal, principal or face amount outstanding of each relevant Senior Debt Obligation bears to the aggregate nominal, principal or face amount outstanding of all the relevant Senior Debt Obligations, in each case as at the date upon which the relevant prepayment or prepayment offer is first made;

"**Proceedings**" means any litigation, arbitration, administrative proceedings, statutory notice (including any enforcement or prohibition notice), claim, investigation or other proceeding (including by any regulator);

"**Programme**" means the £5,000,000,000 programme of the Issuer for the issuance of medium-term notes from time to time;

"**Programme Agreement**" means the agreement between the Issuer and the Dealers named therein (or deemed named therein) concerning the purchase of Notes to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters and/or agreements supplemental thereto;

"**Programme Documents**" means, in respect of (as the context may require) a particular Tranche or Series of Notes, the Notes generally or any Final Terms relating to the Notes:

(a) the Note Trust Deed (including the Conditions);

(b) the relevant Global Note or Global Certificate;

(c) the Programme Agreement;

(d) the relevant Subscription Agreement;

(e) the Paying Agency Agreement; and

(f) the Issuer/ICSD Agreement,

and any other document so designated between the Issuer and the Issuer Trustee;

"**Programme Limit**" means the maximum aggregate principal amount from time to time outstanding of Notes issued under the Programme, being £5,000,000,000 (as the same may be increased from time to time in accordance with the terms of the Programme Agreement);

"**Prohibited Amount**" means, where a Restricted Payment is made pursuant to the Obligor Pre-Enforcement Priority of Payments while any challenge to the contents of a Compliance Certificate or a Compliance Certificate (Post-Forfeiture) is ongoing, and if, as a result of such challenge, any amount of such payment would (had the Compliance Certificate been correctly prepared and acceptable to the Obligor Security Trustee (acting in accordance with the Common Terms Agreement and the STID) or had the same applied to a Compliance Certificate (Post-Forfeiture)) not have been permitted to have been paid as a Restricted Payment in accordance with the CTA, such amount;

"**Projected ICR**" means, in relation to any Proposed Additional Transaction, calculation by FinCo of the expected Historical ICR as at the end of the current Calculation Period, but without taking into account the relevant Proposed Additional Transaction and means, in relation to any Compliance Certificate (Post-Forfeiture), calculation by FinCo of the expected Historical ICR as at the end of the current Calculation Period, but without taking into account the forfeiture or irritancy of the relevant Material Headlease;

"**PropCos**" means each of Lakeside Co, Watford Co, Braehead Co 1 and Braehead Co 2 acting individually and in the case of the Victoria Centre, Victoria Centre Co 3 and Victoria Centre Co 4 as nominees holding the relevant Property on trust for the Partnership, and the Partnership acting through Victoria Centre Co 1 as its general partner, together with any Additional Obligor which owns Eligible Property and is designated as a PropCo by agreement between the Obligor Security Trustee and FinCo at the time of its accession to the STID;

"**Property**" means, from time to time, each Prime Shopping Centre over which an Obligor or Obligors hold(s) the freehold, leasehold or heritable title, together with all the other Eligible Property (within the meaning of paragraphs (a) to (c) of the definition thereof) associated with such Prime Shopping Centre, but excluding, for the avoidance of any doubt, any Eligible Property (within the meaning of paragraphs (a) to (c) of the definition thereof) over which any joint venture company, partnership or other entity in which an Obligor or Obligors by an Eligible JV Interest hold(s) the freehold, leasehold or heritable title, and "**Properties**" means all of the foregoing in respect of all of the Obligors together;

"**Property Administration Agreement**" means the property administration agreement entered into between FinCo, the PropCos, the Obligor Security Trustee and the Property Administrators dated on the Initial Issue Date, as amended from time to time;

"**Property Administrator**" means the providers of property administration and management services to the Properties pursuant to the Property Administration Agreement, being Intu Property Management Limited, Intu Lakeside Property Management Limited, Intu Braehead Property Management Limited and Intu Watford Property Management Limited, and any other property administrator which accedes thereto;

"**Property Administrator Termination Event**" means, in respect of a Property Administrator, any of the following events or circumstances:

(a) a default is made by a Property Administrator in the payment, or the procurement of payment, under the terms of the Property Administration Agreement of any amounts due and under the Property Administration Agreement, the failure to pay which could, in the reasonable opinion of the Obligor Security Trustee, be expected to be materially prejudicial to the interests of the Secured Participants, and such default continues un-remedied for a period of 15 days after the date of delivery of notice from the Obligor Security Trustee to the Property Administrators requiring the same to be remedied;

(b) such Property Administrator fails to perform or observe any of its other duties, obligations or covenants under the Property Administration Agreement, which failure could reasonably be expected to have a Material Adverse Effect, and such default continues unremedied, for a period of 30 days after the earlier of such Property Administrators becoming aware of such default and receipt by such Property Administrator of written notice from the Obligor Security Trustee requiring the same to be remedied;

(c) such Property Administrator fails to maintain any Authorisation (including, without limitation, Environmental Licences):

(i) required to be obtained by it to enable the consummation of the transactions constituted by the Property Administration Agreement; or

(ii) necessary for the conduct of any Obligor's business in accordance with the Finance Documents (including, granting, managing, varying and enforcing leases and licences in respect of the Properties being managed by such Property Administrator in accordance with the Property Administration Agreement); or

(iii) necessary to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation, subject to any Reservations;

which failure could reasonably be expected to have a Material Adverse Effect;

(d) an Insolvency Event occurs in respect of such Property Administrator; and

(e) the delivery of an Obligor Enforcement Notice by the Obligor Security Trustee to FinCo;

"**Proposal**" means a STID Proposal, Enforcement Instruction Notice, Further Enforcement Instruction Notice, or Direction Notice;

"**Proposed Additional Transaction**" means a Permitted Disposal within the meaning of paragraph (A) of the definition thereof, a Permitted Withdrawal or a Permitted Acquisition within the meaning of paragraph (A) of the definition thereof, in each case (other than if such Permitted Disposal, Permitted Withdrawal or Permitted Acquisition is being undertaken as part of a Transaction Series) with a value greater than £10,000,000;

"**Proposed Additional Transaction Certificate**" means, in respect of a Proposed Additional Transaction, a certificate delivered by FinCo to the Obligor Security Trustee, signed by the chief financial officer or financial director of FinCo, in which FinCo shall:

(a) calculate and set out reasonable details of the calculations of the Proposed Additional Transaction Tests;

(b) set out reasonable details of any Exceptional Items; and

(c) in relation to the calculation and certification of the Projected ICR and Pro Forma Projected ICR only, represent and warrant that such calculations have been made (x) in good faith, (y) under the going concern assumption (using reasonable and prudent assumptions) and (z) after careful consideration and in a commercially reasonable manner materially consistent with Applicable Accounting Principles and Good Industry Practice;

"**Proposed Additional Transaction Tests**" means the calculation of the Pro Forma LTV, the Projected ICR and the Pro Forma Projected ICR in respect of a Proposed Additional Transaction;

"**Property Manager**" means any independent third party property manager appointed in accordance with the provisions of the Common Terms Agreement;

"**Prospectus**" means this prospectus dated on the date stated on the front cover relating to the Programme, which comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive (which term shall include those documents incorporated by reference into it in accordance with its terms and save as provided herein) as from time to time amended, supplemented, updated or replaced and, in relation to each Series or Tranche of Notes, the applicable Final Terms;

"**Prospectus Directive**" means Directive 2003/71/EC of the European Parliament and of the Council, as amended from time to time;

"**Prospectus Directive Regulation**" means Regulation (EC) No.809/2004 of the European Commission as amended;

"**Qualifying Debt**" means the following Permitted Financial Indebtedness of FinCo, the creditors in respect of which are entitled to vote in respect of the Outstanding Principal Amount thereof on intercreditor matters under the STID in accordance with the terms of the STID:

(a) the Authorised Loans;

(b) the PP Notes;

(c) the ICL Loans corresponding to the applicable Tranches of Notes; and

(d) (i) prior to the delivery of an Obligor Enforcement Notice, in respect of a vote in relation to the matters contemplated in paragraphs (a), (d), (e) or (n) of the definition of Extraordinary Voting Matters only, and (ii) following the delivery of an Obligor Enforcement Notice, and provided (in each case) that the relevant Hedge Counterparty is not in default (howsoever described) under the relevant Hedging Agreement, any Hedging Agreement;

"**Qualifying Secured Participant**" means:

(a) for so long as an Enforcement Period is not continuing, the following Secured Participants (in each case acting through their Secured Participant Representative):

  (i) in respect of the ICL Loans and the associated Tranche of Notes, the Issuer;

  (ii) the PP Noteholders;

  (iii) the Authorised Loan Facility Providers;

  (iv) (in respect of a vote in relation to the matters contemplated in paragraphs (a), (d), (e) or (n) of the definition of Extraordinary Voting Matters only), the Hedge Counterparties; and

  (v) any creditor which, from time to time, accedes to the STID, and specifies in the relevant Accession Memorandum that it is a "Qualifying Secured Participant" (for the avoidance of doubt, prior to the delivery of an Obligor Enforcement Notice, no Hedge Counterparty shall be a Qualifying Secured Participant and at no time shall a Liquidity Facility Provider be a Qualifying Secured Participant); and

(b) for so long as an Enforcement Period is continuing, the Secured Participants (in each case acting through their Secured Participant Representative) listed in (a) above and, in addition, and provided the relevant Hedge Counterparty is not in default (howsoever described) under the relevant Hedging Agreement, the Hedge Counterparties;

"**Quarter Calculation Date**" means the Financial Year End, the Financial Half Year End, and each Calculation Date falling on 31 March, and 30 September in each year;

"**Quorum Requirement**" means:

(a) in respect of Ordinary Voting Matters:

(i) one or more Qualifying Secured Participants representing, in aggregate, at least 20 per cent. of the entire Outstanding Principal Amount of all the Qualifying Debt or

(ii) if the initial Quorum Requirement in paragraph (i) above is not satisfied within the Decision Period, one or more Qualifying Secured Participants representing, in aggregate, at least 10 per cent. of the entire Outstanding Principal Amount of all the Qualifying Debt;

(b) in respect of Extraordinary Voting Matters:

(i) one or more Qualifying Secured Participants representing, in aggregate, at least 20 per cent. of the entire Outstanding Principal Amount of all the Qualifying Debt; or

(ii) if the initial Quorum Requirement in paragraph (i) above is not satisfied within the Decision Period, one or more Qualifying Secured Participants representing, in aggregate, at least 10 per cent. of the entire Outstanding Principal Amount of all the Qualifying Debt;

(c) in respect of

(i) an Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered prior to 12 months from the date of the occurrence of Obligor Event of Default, one or more Qualifying Secured Participants representing, in aggregate, at least 40 per cent. of the entire Outstanding Principal Amount of all the Qualifying Debt;

(ii) an Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered on or after 12 months from the date of the occurrence of Obligor Event of Default, one or more Qualifying Secured Participants representing, in aggregate, at least 25 per cent. of the entire Outstanding Principal Amount of all the Qualifying Debt; and

(d) in respect of a Direction Notice, one or more Qualifying Secured Participants;

"**Rating Agency**" means S&P, and such other additional or replacement rating agency providing a rating of the Notes from time to time at the request of the Issuer;

"**Ratings Affirmation**" means, in connection with any proposal, modification or action, a confirmation in writing from the Rating Agency delivered to the Issuer (or in such form as may be permitted by the current policy of the Rating Agency from time to time) that the then current rating of the Notes would not be adversely affected (including any downgrade of the Notes or placing the Notes on negative watch or negative outlook or withdrawing the rating of the Notes as a result of such proposal, modification or action (an "**Adverse Rating Action**"));

"**Receiver**" means an administrative receiver, receiver and manager or other receiver appointed in respect of the assets from time to time subject to the Security Interests constituted by the Security Documents (whether appointed pursuant to a Security Document, any statute, by a court or otherwise);

"**Red Book**" means the Valuation Standards, Sixth Edition published by the RICS;

"**Regional Centre**" means any of Aberdeen, Bath, Belfast, Brighton, Bristol, Bromley, Cambridge, Cardiff, Cheltenham, Chester, Croydon, Exeter, Guildford, Kingston-upon-Thames, Leicester, Milton Keynes, Norwich, Oxford, Peterborough, Plymouth, Reading, Southampton, Watford or York;

"**Regional Shopping Centre**" means any of Bluewater, Braehead, Brent Cross, Cribbs Causeway, Lakeside, Meadowhall, Merry Hill, MetroCentre, Silverburn, Trafford Centre, White Rose Centre, Westfield London, or Westfield Stratford;

"**Registered Notes**" means those Notes which are for the time being in registered form;

“**Regulation S**” means Regulation S under the Securities Act;

“**REIT Group**” has the meaning given to it on page 47 of this Prospectus;

“**Relevant Elections**” means an election under section 171A Taxation of Chargeable Gains Act 1992;

“**Relevant Implementation Date**” has the meaning given to it on page 227 of this Prospectus

“**Relevant Mechanic**” has the meaning given to it on page 143 of this Prospectus;

“**Relevant Tax Liability Certificate**” has the meaning given to it in the Tax Deed of Covenant;

“**Relevant Member State**” means each Member State of the European Economic Area which has implemented the Prospectus Directive;

“**Rent and General Account**” means the account in the name of FinCo held with the Obligor Account Bank with account number 73839935, or such other account as may be designated as such by FinCo and the Obligor Security Trustee;

“**Rental Income**” means the aggregate of all amounts (not including (i) any amount representing VAT chargeable in respect of items (a) to (j) below, (ii) items (a) and (b) of Non-Rental Income or any amount representing VAT chargeable in respect of the same and (iii) any security deposit paid by a Tenant in respect of a Lease) payable to or for the benefit or account of an Obligor under the terms of any 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 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 the same;

(g) any profits awarded or agreed to be payable as a result of any proceedings taken or claim 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 Obligor 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 (other than in respect of item (a) or (b) of Non-Rental Income or any amount representing VAT chargeable in respect of the same); and

(j) any other sum received in respect of the Portfolio (which is not item (a) or (b) of Non-Rental Income or any amount representing VAT chargeable in respect of the same);

"**Repayment Costs**" means, in respect of the repayment or prepayment of all or part of any Senior Debt Obligations in accordance with the Prepayment Principles, the associated costs of such repayment or prepayment due under any Finance Document other than those payable under the section entitled '*Description of the Principal Transaction Documents – Common Terms Agreement – Prepayment Amount*' on page 143 of this Prospectus (including any related early termination amounts, or other amount, due under any Hedging Agreement in respect of the partial or complete termination thereof, if any, together with any amount due and payable on the date of such repayment or prepayment and ranking senior thereto or *pari passu* therewith under the applicable Priorities of Payments (if any));

"**Request**" means a request for utilisation of any Authorised Finance Facility;

"**Reservations**" means the qualifications or reservations contained in the Opinions as to matters of law (and not fact) including, without limitation as to (i) the nature of the remedies available in the relevant jurisdictions in which the relevant enforcement occurs (including the power to stay proceedings), (ii) the provisions of the Limitations Act 1980 (or analogous legislation), (iii) any limitations resulting from applicable laws of bankruptcy, insolvency, reorganisation or other similar laws relating to or affecting the enforcement of creditors' rights generally, (iv) general equitable principles regardless of whether such enforceability is considered in a proceeding in equity or at law, (v) any filing or registration requirements of the opined documents under applicable laws, and (vi) the priority or characterisation of any security interest, and (vii) uncertainty as to the application of the laws within relevant jurisdictions provided that when used in connection with the Obligor Event of Default described under 'Unlawfulness and invalidity' in the section of this Prospectus entitled "*Description of the Principal Transaction Documents – Common Terms Agreement – Obligor Events of Default*" above, it shall be qualifications or reservations contained in the Opinions as to matters of law (and not fact) in relation to the matters described in (iii) and (vi) above, or, in relation to any Opinion issued thereafter, any similar or equivalent qualification or reservation and any additional qualification or reservation related to the analysis of the transaction security and included therein by virtue of a change in law or practice;

"**Reserved Matter**" means any matter in respect of any Non-Common Document falling to be decided by the parties thereto only under the terms thereof, in accordance with applicable provisions of the STID, and including (for the avoidance of doubt) any Basic Terms Modification and any item set out in the section of this Prospectus entitled "*Description of the Principal Transaction Documents – Security Trust and Intercreditor Deed – Reserved Matters*" on page 156 of this Prospectus;

"**Restricted Payment**" means the payment of any cash sum into the Restricted Payment Account, made in accordance with the relevant provisions of the Common Terms Agreement, and provided further that, for the avoidance of any doubt, the payment made under paragraphs (a), (d)(ii) and (e)(i) of the Obligor Pre-Enforcement Priority of Payments shall not constitute Restricted Payments;

"**Restricted Payment Account**" means the account in the name of FinCo held with the Obligor Account Bank with account number 73839994, or such other account as may be designated as such by FinCo and the Obligor Security Trustee;

"**Retail Price Index**" or "**RPI**" means the all items retail prices index for the United Kingdom published by the Office for National Statistics (January 1987 = 100) or at any future date such other index of retail prices as may have then replaced the same;

"**Retrospective De-REITing Additional Tax Liabilities**" has the meaning given to it in the Tax Deed of Covenant;

"**Retrospective De-REITing Event of Default**" means an Obligor Event of Default that arises in circumstances where: (i) the Group has ceased to be a REIT and such cessation is treated for Tax purposes as taking place retrospectively (a "**Retrospective De-REITing Event**"); (ii) such Retrospective De-REITing Event results in an increase in the Tax liabilities of any Obligor in respect of taxable profits arising to it for the period between the date of the Retrospective De-REITing Event and the date on which the Group is treated as having retrospectively ceased to be a REIT; (iii) the Security Group will be, or is reasonably likely to be, unable to fund all or any part of those additional Tax liabilities whilst at the same time discharging its obligations to pay the Obligor Secured Liabilities as they fall due or has failed to make the necessary reserves to meet those additional Tax liabilities; and (iv) the Parent has not provide sufficient funds to the relevant Obligor(s) in accordance with the terms of the Tax Deed of Covenant to enable such additional Tax liabilities to be met;"

"**RICS**" means the Royal Institution of Chartered Surveyors;

"**RICS Appraisal and Valuation Standards**" means the RICS Valuation - Professional Standards (or the 'Red Book'), which contains mandatory rules, best practice guidance and related commentary for all RICS members undertaking asset valuations;

"**S&P**" means Standard & Poor's Credit Market Services Europe Limited, established in the EU and registered under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**");

"**Scottish Lease Document**" means any Lease related to a Scottish Property;

"**Scottish Property**" means any Property located in Scotland;

"**Scottish Shares Pledge**" means in relation to any shares in a company incorporated in Scotland and owned by any Obligor, a Scottish pledge of shares, in the form set out in the Obligor Deed of Charge;

"**SDLT Clawback**" has the meaning given to it on page 50 of this Prospectus;

"**Secured Participant**" means:

(a) the Obligor Security Trustee (in its own capacity and on behalf of the other Secured Participants);

(b) in respect of the Intercompany Loan Agreement and each ICL Loan, the Issuer;

(c) each Authorised Loan Facility Agent;

(d) the Authorised Loan Facility Providers;

(e) each Hedge Counterparty under each Hedging Agreement;

(f) the Property Administrators;

(g) the Property Manager (if appointed);

(h) any Substitute Obligor Cash Manager;

(i) the Obligor Account Bank;

(j) the Liquidity Facility Provider (if any); and

(k) any Additional Secured Participants (including, without limitation, any PP Noteholders);

"**Secured Participant Representative**" means the representative of a Secured Participant appointed in accordance with, and as set out in, the provisions of the STID;

"**Securities Act**" means the United States Securities Act of 1933, as amended;

"**Securitisation Tax Regime**" means the Taxation of Securitisation Companies Regulations 2006;

"**Security**" means the security constituted by the Security Documents including any guarantee or obligation to provide cash collateral or further assurance thereunder;

"**Security Documents**" means the Obligor Security Documents and/or the Issuer Security Documents, as applicable;

"**Security Group**" means, together, FinCo and the other Obligors from time to time;

"**Security Group Insurances**" means the contracts and policies of insurance specified in the Obligor Deed of Charge, and all contracts and policies of insurance of any kind in the future taken out by any Obligor, but excluding any third party liability insurances and any directors and officers insurances;

"**Security Group Structure Chart**" means the pro forma structure chart showing the constitution of the Security Group immediately after the Initial Issue Date, provided in accordance with the CP Agreement;

"**Security Interest**" means:

(a) any mortgage, standard security, pledge, lien, charge, assignment, assignation or hypothecation or other encumbrance securing any obligation of any person;

(b) any arrangement under which money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or

(c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

"**Security Trust and Intercreditor Deed**" or "**STID**" means the security trust and intercreditor deed dated the date thereof and entered into between, *inter alia*, the Obligors, the Issuer and the Obligor Security Trustee;

"**Selling Shareholder**" has the meaning given to it on page 50 of this Prospectus;

"**Senior Debt Obligations**" means Financial Indebtedness of FinCo incurred pursuant to:

(a) each ICL Loan;

(b) each Authorised Loan Facility; and

(c) any PP Notes;

"**Senior Debt Obligations Limit**" means £5,000,000,000;

"**Senior Discharge Date**" means the date on which the Obligor Security Trustee is satisfied acting reasonably that all Obligor Secured Liabilities have been fully and irrevocably paid or discharged and all commitments of the Secured Participants in relation to the Obligor Secured Liabilities have expired or been cancelled;

"**Series**" means, in respect of the Notes, a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number;

"**Service Charges**" means all amounts (not including any amount representing VAT chargeable in respect of the same) payable to or for the benefit or account of an Obligor under the terms of any Lease and/or otherwise in connection with the reimbursement to the Obligor by the Tenants of the costs of managing and operating a Property or any part thereof including (without duplication or limiting the generality of the foregoing) each of the following:

(a) for the provision of services, including (without limitation) the repair, maintenance, renewal or operation of the Property;

(b) premia for the insurances effected by the Obligor in respect of the Property, and in respect of the cost of any insurance valuations;

(c) the costs incurred by the Obligors in promoting the Property (to the extent that the same are recovered from the Tenants); and

(d) management fees;

"**SGS HoldCo**" means the direct parent of SGS SPV being Intu (SGS) Holdco Limited, a private company with limited liability incorporated under the laws of England and Wales (registered number 08354703) and established as a direct or indirect subsidiary of Parent;

"**SGS SPV**" means the direct parent of FinCo and Lakeside Co, Watford Co, Braehead Co 1, Braehead Co 2, Investments Co and Victoria Centre Co 1 being Intu (SGS) Limited, a private company with limited liability incorporated under the laws of England and Wales (registered number 08355675) and established as a direct or indirect subsidiary of Parent;

"**SGS TopCo**" means the direct parent of SGS HoldCo being Intu (SGS) Topco Limited, a private company with limited liability incorporated under the laws of England and Wales (registered number 08353904) and established as a direct or indirect subsidiary of Parent;

"**Shares**" means any stocks or shares owned from time to time by an Obligor;

"**Short Term Lease**" means leases with an initial term of less than 5 years and/or with a gross contracted rent of £100,000 per annum or less;

"**Specified Denomination**" means the denomination of a Series of Notes as specified in the applicable Final Terms;

"**Specified Interest Payment Date**" where used in the Conditions in connection with any Tranche of Notes means as defined in the applicable Final Terms;

"**Standard Security**" means a first ranking standard security in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970 granted over a Scottish Property;

"**Standby Drawing**" means an amount drawn under a Liquidity Facility as a result solely of the downgrade of the relevant Liquidity Facility Provider or the refusal by the Liquidity Facility Provider to renew the term of the Liquidity Facility, in each case as set out in the relevant Liquidity Facility;

"**STID Direct Voting Mechanic**" means the mechanic for voting directly through the Clearing Systems as described in (in respect of the Notes) the relevant provisions of the Note Trust Deed;

"**STID Matter**" means specific voting matters set out in the STID in respect of which all Qualifying Secured Participants will be entitled to vote including STID Proposals, Direction Notices, Enforcement Instruction Notices and Further Enforcement Instruction Notices;

"**STID Proposal**" means a proposal or request made by FinCo in accordance with the STID proposing or requesting the Obligor Security Trustee to concur in making any modification, giving any consent or granting any waiver under or in respect of any Common Document;

"**STID Voting Request**" means a request sent by the Obligor Security Trustee promptly but no later than the Business Day following the date of receipt of the STID Proposal, to each Secured Participant (through its Secured Participant Representative) pursuant to the provisions of the STID;

"**STID Voting Request Reminder**" means, in respect of a STID Proposal in respect of an Entrenched Right, upon the expiry of the Decision Period, a voting request reminder sent by the Obligor Security Trustee to the relevant Affected Secured Participant;

"**Stock Exchange**" means the Irish Stock Exchange or any other or further stock exchange(s) on which any Notes may from time to time be listed, and references to the "**relevant Stock Exchange**" shall, in relation to any Notes, be references to the Stock Exchange on which Notes are, from time to time, or are intended to be, listed;

"**Sub-Regional Centre**" means any of Basingstoke, Bolton, Bournemouth, Canterbury, Carlisle, Chelmsford, Chichester, Colchester, Coventry, Crawley, Derby, Doncaster, Dundee, Hull, Ilford, Inverness, Ipswich, Lincoln, Maidstone, Middlesbrough, Northampton, Portsmouth, Preston, Richmond, Romford, Sheffield, Solihull, Stockport, Stoke-on-Trent, Sunderland, Swansea, Swindon, Taunton, Tunbridge Wells, Uxbridge, Wolverhampton or Worcester;

"**Subordinated Advance Facility**" means any facility, agreement or trust deed entered into by an Obligor in respect of Permitted Subordinated Obligations;

"**Subordinated NRG Financial Indebtedness**" means intragroup Financial Indebtedness advanced to an Obligor by a Non-Restricted Group Entity on a subordinated and unsecured basis;

"**Subordinated Obligations Participant**" means any credit provider in respect of Permitted Subordinated Obligations;

"**Subordinated Security Group Financial Indebtedness**" means intragroup Financial Indebtedness advanced by one member of the Security Group to another on a subordinated and unsecured basis;

"**Subscription Agreement**" means an agreement between, among others, two or more relevant Dealers and the Issuer made pursuant to the provisions of the Programme Agreement;

"**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;

"**Substitute Account Bank**" means a Substitute Obligor Account Bank or a Substitute Issuer Account Bank, as applicable;

"**Substitute Cash Manager**" means the Substitute Obligor Cash Manager or the Substitute Issuer Cash Manager, as applicable;

"**Substitute Issuer Account Bank**" means a substitute account bank appointed pursuant to the Issuer Account Bank Agreement;

"**Substitute Issuer Cash Manager**" means any entity which is appointed to perform the Issuer Cash Management Services in place of the Issuer Cash Manager pursuant to the Issuer Cash Management Agreement;

"**Substitute Obligor Account Bank**" means a substitute account bank appointed pursuant to the Obligor Account Bank Agreement;

"**Substitute Obligor Cash Manager**" means any entity which is appointed to perform the Obligor Cash Management Services in place of the Obligor Cash Manager pursuant to the Obligor Cash Management Agreement;

"**Swap**" means each derivative transaction entered into by FinCo with a Hedge Counterparty pursuant to a Hedging Agreement in accordance with the requirement of the Hedging Covenant to the Common Terms

Agreement, which shall, for the avoidance of doubt, include, without limitation, any caps, collars, floors and other derivative transactions;

"**Swap Termination Amount**" means any close-out amount payable to a Hedge Counterparty under a Hedging Agreement;

"**T1 Covenant Regime**" means the covenant regime which applies to the Security Group when both (i) the LTV (or, in the case of delivery of a Compliance Certificate (Post-Forfeiture), the Pro Forma LTV) is lower than or equal to 55 per cent. and (ii) the Historical ICR (or, in the case of delivery of a Compliance Certificate (Post-Forfeiture), the Pro Forma Projected ICR) is equal to or higher than 1.6:1x;

"**T2 Covenant Regime**" means the covenant regime which applies to the Security Group when either (i) the LTV (or, in the case of delivery of a Compliance Certificate (Post-Forfeiture), the Pro Forma LTV) is greater than 55 per cent. and greater but less than or equal to 72.5 per cent., or (ii) the Historical ICR (or, in the case of delivery of a Compliance Certificate (Post-Forfeiture), the Pro Forma Projected ICR) is equal to or higher than 1.4:1x but less than 1.6:1x; and, in either case, the T3 Covenant Regime does not apply;

"**T3 Covenant Regime**" means the covenant regime which applies to the Security Group when either (i) the LTV (or, in the case of delivery of a Compliance Certificate (Post-Forfeiture), the Pro-Forma LTV) is greater than 72.5 per cent. and greater but less than or equal to 80 per cent., or (ii) the Historical ICR (or, in the case of delivery of a Compliance Certificate (Post-Forfeiture), the Pro-Forma Projected ICR) is at least 1.25:1x but less than 1.4:1x;

"**Talon**" means a talon for further Coupons;

"**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System;

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including for the avoidance of doubt, UK business rates and other property taxes and including any penalty or commission payable in connection with any failure to pay or any delay in paying any of the same);

"**Tax Authority**" means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function, including without limitation HM Revenue and Customs;

"**Tax Deed of Covenant**" means the deed of covenant in relation to certain taxation matters entered into on the Initial Issue Date between, *inter alios*, the Issuer, the Obligors, FinCo, the Cash Manager, the Issuer Trustee and the Obligor Security Trustee;

"**Tax Reserve Account**" has the meaning given to it in the Tax Deed of Covenant;

"**Temporary Global Note**" has the meaning given to it in the Note Trust Deed;

"**Tenant Deposit Account**" means each account, each in the name of a PropCo held with the Obligor Account Bank designated as such and, in each case, any other account designated as such by FinCo and the Obligor Security Trustee;

"**Tenants**" means tenants or other permitted occupiers from time to time under the Leases or otherwise responsible for the observance and performance of the obligations contained in a Lease and "**Tenant**" shall mean any one of them;

"**Third Party Unsecured Financial Indebtedness**" means Financial Indebtedness incurred by an Obligor in the ordinary course of business and with a maturity of less than one year, unless a maturity of greater than one year is in accordance with Good Industry Practice, on an unsecured basis from a third party (which shall include Local Council Obligations, any lease, hire purchase contract or finance lease entered into with a third party in the ordinary course of business (including where title is retained by such third party), and any liability (actual or contingent) of an Obligor under any guarantee or indemnity in the ordinary course of business), not being a member of the Group, which does not breach the UD Headroom Test;

"**Total Collateral Value**" means, at any time, the aggregate of (i) the Market Value of the Portfolio as shown in the most recent Valuation of the Portfolio, and (ii) the value of all Eligible JV Interests (as determined in accordance with the Eligible JV Interest Valuation Methodology), and in each case, as adjusted and without double counting:

(a) to take account of any Permitted Acquisition, Permitted Disposal or Permitted Withdrawal which has occurred since the date of the most recent such Valuation;

(b) in respect of any Development which at the relevant time is on-going, or has been completed since the date of the most recent Valuation, so that there are added to (a) above:

   (i) the aggregate costs spent by the Obligors to date in respect thereof; and

   (ii) the aggregate projected costs to completion thereof,

   provided in the case of both (i) and (ii) that completion of the relevant Development has not been delayed past the date which falls 18 months after the scheduled completion date thereof (otherwise such amount in respect of that Development shall be zero); and

(c) to deduct the Market Value of the Eligible Property which is transferred pursuant to the Victoria House Disposal,

provided that, in respect of the incurrence of any indebtedness by an Obligor pursuant to paragraph (d) of the definition of Permitted Additional Financial Indebtedness (other than in respect of which the proceeds are fully applied to refinance existing Senior Debt Obligations, such that the total aggregate principal amount outstanding of the Senior Debt Obligations following the incurrence of such Financial Indebtedness is not greater than that outstanding prior thereto), or in respect of calculating the Pro Forma LTV for a Permitted Acquisition which is a Proposed Additional Transaction which forms part of a Transaction Series in accordance with the Finance Documents, the Total Collateral Value to be used pursuant to such paragraph (d) or the definition of Pro Forma LTV shall be determined by reference to the most recent OST Valuation in accordance with the covenant on valuations of the portfolio provided for in the Common Terms Agreement;

"**Total Commitments**" means, in relation to an Authorised Loan Facility, the aggregate of the commitments of all the lenders thereunder;

"**Tranche**" means, in respect of the Notes, Notes constituting a series of Notes which are identical in all respects;

"**Transaction Series**" has the meaning given to it on page 134 of this Prospectus;

"**Trap Date**" means each 1 June, 1 September, 1 December and 1 March in each year and provided that the first Trap Date shall be 1 June 2013;

"**Trap Period**" means each period beginning on and including a Trap Date and ending on but excluding the next Trap Date, provided that the first Trap Period shall commence on the Initial Issue Date and end on (but excluding) 1 June 2013;

"**UCITS**" means an Undertaking for Collective Investment in Transferable Securities established under EC Council Directive 85/611/EEC, as amended;

"**UD Headroom Test**" means that the principal amount of all Third Party Unsecured Financial Indebtedness outstanding at any time must not exceed the greater of (i) £45,000,000 and (ii) 2 per cent. of the Adjusted Total Collateral Value of the Portfolio;

"**Underhedging Limit**" means, in respect of the whole of the principal amount of the Senior Debt Obligations outstanding from time to time, 75% of such principal amount benefits from interest rate protection for its scheduled interest payments, such protection to consist of the terms of the relevant Senior Debt Obligations being fixed rate interest paying, or by entering into Hedging Agreements (including by means of caps, collars, floors, swaps and other derivative transactions);

"**Valuation**"' means an Obligor Valuation or (where applicable in accordance with the Finance Documents) an OST Valuation;

"**Valuation Cut-Off Date**" means 31 December 2012;

"**Valuer**" means any of Knight Frank LLP, Jones Lang LaSalle, CB Richard Ellis, DTZ, Cushman & Wakefield, in each case including successors to such firms or any firm arising as a result of a merger entered into by one or more of these firms, or such other valuer nominated by the Obligors or (while the T3 Covenant Regime applies) the Obligor Security Trustee, who is generally recognised as having experience in valuing Prime Shopping Centres in the UK;

"**VAT**" means within the European Union such taxation as may be levied in accordance with (but subject to derogations from) Directive 2006/112/EC and, outside the European Union any taxation levied by reference to value added or sales;

"**VAT Group**" means a group for the purposes of the VAT Grouping Legislation;

"**VAT Grouping Legislation**" means (a) sections 43 to 43D (inclusive) of VATA and (b) the Value Added Tax (Groups: eligibility) Order 2004 (SI 2004/1931);

"**VATA**" means the Value Added Tax Act 1994;

"**Victoria Centre**" means the Prime Shopping Centre known as the Victoria Centre, Nottingham, Nottinghamshire, NG1 3QN, United Kingdom;

"**Victoria Centre Co 1**" means VCP (GP) Limited, a company incorporated in England and Wales with its registered office at 40 Broadway, London SW1H 0BU (registered number 04531121);

"**Victoria Centre Co 3**" means VCP Nominees No. 1 Limited, a company incorporated in England and Wales with its registered office at 40 Broadway, London SW1H 0BU (registered number 04707162);

"**Victoria Centre Co 4**" means VCP Nominees No. 2 Limited, a company incorporated in England and Wales with its registered office at 40 Broadway, London SW1H 0BU (registered number 04707160) (and together with Victoria Centre Co 1, the Partnership, Victoria Centre Co 3 and Investments Co, the "**Victoria Centre Cos**");

"**Victoria House**" means the building known as Victoria House, 76 Milton Street, Nottingham, Nottinghamshire, United Kingdom;

"**Victoria House Disposal**" means the disposal of a long leasehold interest in certain floors of Victoria House pursuant to sale documentation entered into by Victoria Centre Co 3 and Victoria Centre Co 4 prior to the Initial Issue Date;

"**Voted Qualifying Debt**" means, in respect of a STID Proposal, an Extraordinary Voting Matter, an Ordinary Voting Matter, an Enforcement Notice, an Enforcement Instruction Notice, a Further Enforcement Instruction

Notice or a Direction Notice, the Outstanding Principal Amount actually voted thereon by Qualifying Secured Participants;

"**Watford Co**" means Intu Watford Limited, a company incorporated in England and Wales with its registered office at 40 Broadway, London SW1H 0BU (registered number 05389482);

"**Withdrawal**" means the withdrawal or release of an Obligor from the Security Group, or the withdrawal or release of a Property from the Portfolio, in either case for no, or nominal, consideration; and

"**Written Resolution**" means a resolution in writing signed by or on behalf of the holders of at least 75 per cent. by Outstanding Principal Amount of a Series of Notes.

ANNEX 1
OBLIGOR FINANCIAL STATEMENTS

A. **INTU LAKESIDE LIMITED**

1. Audited financial statements for the financial year ended 31 December 2012
2. Audited financial statements for the financial year ended 31 December 2011

B. **INTU WATFORD LIMITED**

1. Audited financial statement for the financial year ended 31 December 2012
2. Audited financial statement for the financial year ended 31 December 2011

C. **BRAEHEAD GLASGOW LIMITED**

1. Audited financial statement for the financial year ended 31 December 2012
2. Audited financial statement for the financial year ended 31 December 2011

D. **BRAEHEAD PARK INVESTMENTS LIMITED**

1. Audited financial statement for the financial year ended 31 December 2012
2. Audited financial statement for the financial year ended 31 December 2011

E. **VCP (GP) LIMITED**

1. Audited financial statement for the financial year ended 31 December 2012
2. Audited financial statement for the financial year ended 31 December 2011

F. **THE VICTORIA CENTRE PARTNERSHIP**

1. Audited financial statement for the financial year ended 31 December 2012
2. Audited financial statement for the financial year ended 31 December 2011

G. **VCP NOMINEES NO. 1 LIMITED**

1. Financial statement for the financial year ended 31 December 2012
2. Financial statement for the financial year ended 31 December 2011

H. **VCP NOMINEES NO. 2 LIMITED**

1. Financial statement for the financial year ended 31 December 2012
2. Financial statement for the financial year ended 31 December 2011

I. **INTU PROPERTIES INVESTMENTS LIMITED**

1. Audited financial statement for the financial year ended 31 December 2012
2. Audited financial statement for the financial year ended 31 December 2011

INTU LAKESIDE LIMITED
(FORMERLY CSC LAKESIDE LIMITED)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Company number 4144192

INTU LAKESIDE 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.

Intu Lakeside Limited (formerly CSC Lakeside Limited) is incorporated and registered in England and Wales. The company's registered office is 40 Broadway, London, SW1H 0BU.

PRINCIPAL ACTIVITY
The principal activity of the company is the ownership, management and development of the Lakeside Shopping Centre, Thurrock.

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. Net rental income was £55.0 million compared to £57.7 million for the previous year. A revaluation surplus of £8.3 million was recorded during the year (2011 surplus £21.5 million). The company recorded a profit before tax of £8.8 million, compared with a loss before tax of £0.6 million for the previous year. Net assets at 31 December 2012 were £168.3 million, an increase of £8.8 million from the 31 December 2011 figure of £159.5 million.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

As the company's ultimate parent company is Intu Properties plc (formerly Capital Shopping Centres Group PLC), the company faces largely those risks and uncertainties faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

The company changed its name from CSC Lakeside Limited to Intu Lakeside Limited on 15 February 2013. On the same date the company's ultimate parent changed its name from Capital Shopping Centres Group PLC to Intu Properties plc.

DIVIDENDS
The directors do not recommend a dividend for the year (2011 £nil).

CAPITAL MANAGEMENT
The directors consider the capital of the company to be the ordinary share capital of £196.0 million and funding from the Company's immediate parent company of £357.6 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 6.

INTU LAKESIDE LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS IN THE YEAR

The directors who held office during the year are given below:
Martin Ellis
David Fischel
Hugh Ford
Trevor Pereira
Matthew Roberts
Peter Weir

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.

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.

INTU LAKESIDE LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

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

Peter Weir

Peter Weir
Director
25 February 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTU LAKESIDE LIMITED

We have audited the financial statements of Intu Lakeside Limited (registered company no. 4144192) for the year ended 31 December 2012 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with 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 statement 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.

INTU LAKESIDE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTU LAKESIDE 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

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 February 2013

INTU LAKESIDE LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Revenue	2	71.4	70.7
Net rental income	2	55.0	57.7
Revaluation of investment and development property		8.3	21.5
Administration expenses		(2.7)	(3.3)
Operating profit	3	60.6	75.9
Finance costs	4	(47.5)	(44.6)
Change in fair value of derivative financial instruments		(4.3)	(31.9)
Profit/(loss) before tax		8.8	(0.6)
Taxation	5	-	-
Profit/(loss) for the year		8.8	(0.6)

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.

INTU LAKESIDE LIMITED

BALANCE SHEET
AT 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Investment and development property	6	1,082.8	1,069.8
Trade and other receivables	7	11.4	10.7
		1,094.2	1,080.5
Current assets			
Trade and other receivables	7	6.8	7.0
Cash and cash equivalents		1.7	1.1
		8.5	8.1
Total assets		1,102.7	1,088.6
Current liabilities			
Trade and other payables	8	(378.7)	(374.0)
Borrowings	10	(4.3)	(4.3)
Derivative financial instruments	9	(1.7)	(1.0)
		(384.7)	(379.3)
Non-current liabilities			
Borrowings	10	(502.5)	(506.8)
Derivative financial instruments	9	(47.2)	(43.0)
		(549.7)	(549.8)
Total liabilities		(934.4)	(929.1)
Net assets		168.3	159.5
Equity			
Share capital	13	196.0	196.0
Accumulated losses		(27.7)	(36.5)
Total equity		168.3	159.5

The notes on page 10 to 23 form part of these financial statements.

The financial statements on pages 6 to 23 have been approved for issue by the Board of Directors on 25 February 2013 and were signed on its behalf by

Trevor Pereira
Director

Peter Weir

Peter Weir
Director

INTU LAKESIDE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £m	Accumulated losses £m	Total equity £m
At 1 January 2011	196.0	(35.9)	160.1
Loss for the year	-	(0.6)	(0.6)
Total comprehensive income for the year	-	(0.6)	(0.6)
At 31 December 2011	196.0	(36.5)	159.5
At 1 January 2012	196.0	(36.5)	159.5
Profit for the year	-	8.8	8.8
Total comprehensive income for the year	-	8.8	8.8
At 31 December 2012	196.0	(27.7)	168.3

INTU LAKESIDE LIMITED

STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Cash generated from operations	15	57.8	58.0
Interest paid		(47.0)	(43.5)
Taxation – REIT entry charge		-	(3.9)
Cash flows from operating activities		10.8	10.6
Purchase and development of property		(4.9)	(5.3)
Cash flows from investing activities		(4.9)	(5.3)
Borrowings repaid		(5.3)	(5.3)
Cash flows from financing activities		(5.3)	(5.3)
Net increase in cash and cash equivalents		0.6	-
Cash and cash equivalents at 1 January		1.1	1.1
Cash and cash equivalents at 31 December		1.7	1.1

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with 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 properties and derivative financial instruments. 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. In addition, the directors assessed the risk of the company's immediate parent company, Capital Shopping Centres PLC, requesting settlement of the balance due to it. 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 accounts 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 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.

1. Principal accounting policies (continued)

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;
- 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.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

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 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.

1. Principal 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.

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.

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.

1. **Principal 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.

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.

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

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

2. Revenue and net rental income

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

	2012 £m	2011 £m
Rent receivable	60.9	61.0
Service charge income	10.5	9.7
Revenue	71.4	70.7
Service charge costs	(11.1)	(10.0)
Other non-recoverable costs	(5.3)	(3.0)
Net rental income	55.0	57.7

3. Operating profit

The operating profit of £60.6 million (2011 £75.9 million) did not include any amounts in respect of auditors' remuneration or directors' remuneration (2011 £nil). No deduction is made for auditors' remuneration of £3,300 (2011 £3,300) which was settled on behalf of the company by the ultimate parent company, Intu Properties, and has not been recharged.

There were no employees during the year (2011 nil).

4. Finance costs

	2012 £m	2011 £m
On borrowings	25.8	23.2
On amounts due to immediate parent company	21.7	21.4
Finance costs	47.5	44.6

5. 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 higher) than the standard rate of corporation tax in the UK. The differences are explained below.

	2012 £m	2011 £m
Profit/(loss) before tax	8.8	(0.6)
Profit/(loss) before tax multiplied by the standard rate of tax in the UK of 24.5% (2011 26.5%)	2.2	(0.2)
Expenses disallowed	0.1	0.1
Transfer pricing adjustment	3.8	3.7
Group relief	0.7	0.7
REIT exemption - corporate tax	(5.6)	(6.8)
REIT exemption - deferred tax	(1.2)	2.5
Tax expense	-	-

6. Investment and development property

	Freehold £m
At 1 January 2011	1,042.8
Additions	5.5
Surplus on revaluation	21.5
At 31 December 2011	1,069.8
At 1 January 2012	1,069.8
Additions	4.7
Surplus on revaluation	8.3
At 31 December 2012	1,082.8
Adjustment in respect of tenant incentives	11.8
Market value	1,094.6

The fair value of the company's investment and development property as at 31 December 2012 was determined by independent external valuers at that date. The valuation conforms with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 8th edition and with IVS1 of Internal Valuation Standards, and was arrived at by reference to market transactions for similar properties.

Investment property principally represents the Lakeside Shopping Centre, Thurrock.

7. Trade and other receivables

	2012 £m	2011 £m
Current		
Trade receivables	2.6	2.4
Other receivables	0.2	0.4
Prepayments and accrued income	4.0	4.2
	6.8	7.0
Non-current		
Prepayments and accrued income	11.4	10.7

Included within prepayments and accrued income are tenant incentives of £11.8 million (2011 £12.2 million).

8. Trade and other payables

	2012 £m	2011 £m
Rents received in advance	13.4	14.0
Amounts owed to immediate parent company	357.6	350.3
Amounts owed to group undertakings	0.1	-
Accruals and deferred income	3.5	4.0
Other payables	1.2	2.8
Other taxation and social security	2.9	2.9
	378.7	374.0

Amounts owed to the immediate parent company are unsecured, repayable on demand and subordinated to the borrowings. Interest on amounts due to group undertakings has been charged at a rate of 6.25 per cent per annum (2011 6.25 per cent).

9. Derivative financial instruments

Derivative financial instruments at 31 December 2012 comprise interest rate swaps classified as held for trading.

10. Borrowings

	2012 £m	2011 £m
Current		
Bank loan	4.3	4.3
Non-current		
Bank loan	502.5	506.8

11. 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:

	2012 £m	2011 £m
Not later than one year	55.6	54.8
Later than one year and not later than five years	169.9	187.3
Later than five years	147.3	137.4
	372.8	379.5

12. 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 Group to fair value interest rate risk.

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

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

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

	Fixed 2012 £m	Floating 2012 £m	Fixed 2011 £m	Floating 2011 £m
Borrowings	-	510.6	-	515.8
Derivative impact	390.0	(390.0)	390.0	(390.0)
Net borrowings profile	390.0	120.6	390.0	125.8
Interest rate protection on floating debt		76.4%		75.6%

The weighted average rate of interest rates contracted through interest rates swaps is 3.4 per cent (2011 3.4 per cent).

12. 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 £9.2 million (2011 £11.0 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 £9.4 million (2011 £11.3 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.

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
Borrowings (including interest)	(19.2)	(19.4)	(534.5)	-	(573.1)
Amounts due to immediate parent company	(357.6)	-	-	-	(357.6)
Amounts due to group undertaking	(0.1)				(0.1)
Other financial liabilities	(4.1)	-	-	-	(4.1)
Derivatives payments	(14.8)	(15.4)	(33.6)	-	(63.8)
Derivative receipts	2.4	2.7	9.1	-	14.2
	(393.3)	(32.1)	(559.0)	-	(984.4)

12. Financial risk management (continued)

2011	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(22.2)	(21.9)	(70.3)	(494.3)	(608.7)
Amounts due to immediate parent company	(350.3)	-	-	-	(350.3)
Other financial liabilities	(6.2)	-	-	-	(6.2)
Derivatives payments	(11.5)	(14.8)	(45.6)	(3.4)	(75.3)
Derivative receipts	3.8	4.7	19.5	2.1	30.1
	(385.9)	(32.0)	(96.4)	(495.6)	(1,009.9)

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 £0.6 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	2011 £m
Up to three months	2.3	2.1
Three to six months	0.3	0.3
Trade receivables	2.6	2.4

At 31 December 2012 trade receivables are shown net of provisions totalling £0.9 million (2011 £0.3 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.

12. 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	2.8	2.8	-
Cash and cash equivalents	1.7	1.7	-
Total cash and receivables	4.5	4.5	-
Derivative financial instruments	(48.9)	(48.9)	(4.3)
Total held for trading liabilities	(48.9)	(48.9)	(4.3)
Trade and other payables	(361.8)	(361.8)	-
Borrowings	(506.8)	(506.8)	-
Total loans and payables	(868.6)	(868.6)	-

2011	Carrying value £m	Fair Value £m	Gain/(loss) to income statement £m
Trade and other receivables	2.8	2.8	-
Cash and cash equivalents	1.1	1.1	-
Total cash and receivables	3.9	3.9	-
Derivative financial instruments	44.0	44.0	(31.9)
Total held for trading liabilities	44.0	44.0	(31.9)
Trade and other payables	(356.5)	(356.5)	-
Borrowings	(511.1)	(511.1)	-
Total loans and payables	(867.6)	(867.6)	-

12. Financial risk management (continued)

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

Fair value hierarchy

Level 1: valuation based on quoted market prices traded in active markets.

Level 2: valuation techniques are used, maximising the use of observable market data, either directly from market prices or derived from market prices.

Level 3: where one or more inputs to valuation are not based on observable market data. Valuations at this level are more subjective and therefore more closely managed, including sensitivity analysis of inputs to valuation models. Such testing has not indicated that any material difference would arise due to a change in input variables.

Capital structure

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

13. Share capital

	2012 £m	2011 £m
Issued, called up and fully paid		
196,044,100 ordinary shares of £1 each	196.0	196.0

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009. Under saving provisions, the current maximum number of shares which may be issued by the company is 196,500,000 ordinary shares of £1 each.

14. Capital commitments

At 31 December 2012, the Board had approved £18.1 million (2011 – £5.1 million) of future expenditure for the purchase, construction, development and enhancement of investment property. Of this, £0.8 million (2011 – £4.2 million) is contractually committed. Of the £18.1 million, £9.8 million is expected to be spent in 2013.

15. Cash generated from operations

	2012 £m	2011 £m
Profit/(loss) before tax	8.8	(0.6)
Remove:		
Revaluation of investment property	(8.3)	(21.5)
Lease incentives and letting costs	0.4	(0.4)
Finance costs	47.5	44.6
Change in fair value of derivative financial instruments	4.3	31.9
Changes in working capital:		
Change in trade and other receivables	(0.9)	(1.8)
Change in trade and other payables	6.0	5.8
Cash generated from operations	57.8	58.0

16. Related party transactions

During the year the company entered into the following transactions with other group companies:

	Nature of transaction	2012 £m	2011 £m
Capital Shopping Centres PLC	Interest payable	21.7	21.4

Significant balances outstanding between the company and other group companies are shown below:

	Amounts owed to 2012 £m	2011 £m
Capital Shopping Centres PLC	357.6	350.3

17. 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 Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

CSC LAKESIDE LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Company number 4144192

CSC LAKESIDE LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the audited financial statements of the company for the year ended 31 December 2011.

CSC Lakeside Limited is incorporated and registered in England and Wales. The Company's registered office is 40 Broadway, London, SW1H 0BU.

PRINCIPAL ACTIVITY

The principal activity of the company is the ownership, management and development of the Lakeside Shopping Centre, Thurrock.

BUSINESS REVIEW

The company's results and financial position for the year ended 31 December 2011 are set out in full in the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The company's performance during the period reflects a satisfactory rental performance, given the prevailing property market conditions. Net rental income was £57.7 million compared to £54.4 million for the previous year. A revaluation surplus of £21.5 million was recorded during the year (2010 surplus £162.2 million). The company recorded a loss before tax of £0.6 million, reflecting negative movements of £31.9 million in the fair value of derivative financial instruments, compared with a profit before tax of £153.9 million for the previous year. Total equity at 31 December 2011 was £159.5 million, a decrease of £0.6 million from the 31 December 2010 figure of £160.1 million.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

As the company's ultimate parent company is Capital Shopping Centres Group PLC, the company faces largely those risks and uncertainties faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

DIVIDENDS

The directors do not recommend a dividend for the year (2010 £nil).

CAPITAL MANAGEMENT

The directors consider the capital of the company to be the ordinary share capital of £196.0 million and funding from the Company's immediate parent company of £350.3 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 6.

CSC LAKESIDE LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS IN THE YEAR
The directors who held office during the year are given below:

Martin Ellis	
David Fischel	
Hugh Ford	appointed 3 November 2011
Trevor Pereira	
Matthew Roberts	
Peter Weir	appointed 3 November 2011
Kay Chaldecott	resigned 30 September 2011
Caroline Kirby	resigned 17 October 2011

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, Capital Shopping Centres Group 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.

DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

CSC LAKESIDE LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

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

Matthew Roberts
Director
26 April 2012

CSC LAKESIDE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSC LAKESIDE LIMITED

We have audited the financial statements of CSC Lakeside Limited (registered company no. 4144192) for the year ended 31 December 2011 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss 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.

CSC LAKESIDE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSC LAKESIDE 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

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 April 2012

CSC LAKESIDE LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Revenue	2	70.7	66.6
Net rental income	2	57.7	54.4
Revaluation of investment and development property		21.5	162.2
Administration expenses		(3.3)	(2.5)
Operating profit	3	75.9	214.1
Finance costs	4	(44.6)	(42.0)
Exceptional finance costs	4	-	(29.4)
Change in fair value of derivative financial instruments		(31.9)	11.2
(Loss)/profit before tax		(0.6)	153.9
Taxation	5	-	(0.6)
(Loss)/profit for the year		(0.6)	153.3

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

CSC LAKESIDE LIMITED

BALANCE SHEET
AT 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Non-current assets			
Investment and development property	6	1,069.8	1,042.8
Trade and other receivables	7	10.7	9.7
Derivative financial instruments		-	4.6
		1,080.5	1,057.1
Current assets			
Trade and other receivables	7	7.0	5.8
Cash and cash equivalents		1.1	1.1
		8.1	6.9
Total assets		1,088.6	1,064.0
Current liabilities			
Trade and other payables	8	(374.0)	(372.1)
Borrowings		(4.3)	(4.3)
Derivative financial instruments	9	(1.0)	-
		(379.3)	(376.4)
Non-current liabilities			
Borrowings		(506.8)	(511.1)
Derivative financial instruments	9	(43.0)	(16.4)
		(549.8)	(527.5)
Total liabilities		(929.1)	(903.9)
Net assets		159.5	160.1
Equity			
Share capital	12	196.0	196.0
Retained earnings		(36.5)	(35.9)
Total equity		159.5	160.1

The notes on page 10 to 24 form part of these financial statements.

The financial statements on pages 6 to 24 have been approved for issue by the Board of Directors on 26 April 2012 and were signed on its behalf by

Matthew Roberts

Matthew Roberts
Director

Peter Weir

Peter Weir
Director

CSC LAKESIDE LIMITED

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2011

	Share capital £m	Retained earnings £m	Total equity £m
At 1 January 2010	196.0	(189.2)	6.8
Profit for the year	-	153.3	153.3
Total comprehensive income for the year	-	153.3	153.3
At 31 December 2010	196.0	(35.9)	160.1
At 1 January 2011	196.0	(35.9)	160.1
Loss for the year	-	(0.6)	(0.6)
Total comprehensive income for the year	-	(0.6)	(0.6)
At 31 December 2011	196.0	(36.5)	159.5

CSC LAKESIDE LIMITED

STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Cash generated from operations	14	58.0	114.9
Interest paid		(43.5)	(69.3)
Taxation – REIT entry charge		(3.9)	(7.5)
Cash flows from operating activities		10.6	38.1
Purchase and development of property		(5.3)	(0.8)
Other derivative financial instruments		-	(7.3)
Cash flows from investing activities		(5.3)	(8.1)
Borrowings drawn		-	518.5
Borrowings repaid		(5.3)	(549.9)
Cash flows from financing activities		(5.3)	(31.4)
Net decrease in cash and cash equivalents		-	(1.4)
Cash and cash equivalents at 1 January		1.1	2.5
Cash and cash equivalents at 31 December		1.1	1.1

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with 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 properties and derivative financial instruments. A summary of the accounting policies is set out below.

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

During 2011, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the Company's 31 December 2011 year end:

- IFRS 24 Related Party Disclosures;
- IFRS 32 Financial Instruments: Presentation (amendment);
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments; and
- Amendments arising from 2010 annual improvements project.

These either had no material impact on the financial statements or resulted in changes to presentation and disclosure only.

The following standard has been issued and adopted by the EU but is not effective for the year ended 31 December 2011 and has not been adopted early:

- IFRS 7 Financial Instruments: Disclosures (amendment)

This pronouncement is not expected to have a material impact on the financial statements, but may result in changes to presentations or disclosure.

1. Principal accounting policies (continued)

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;
- IFRS 11 Joint Arrangements;
- IFRS 13 Fair Value Measurement; and
- IAS 28 Investments in Associates and Joint Ventures.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

In concluding that the going concern basis of preparation is appropriate to adopt, the directors considered the level of financial support that may be made available to the company by its ultimate parent, Capital Shopping Centres Group PLC. The directors took into account the consolidated financial statements of its immediate parent, Capital Shopping Centres PLC for the year ended 31 December 2011, which were prepared on a going concern basis. The directors have also considered the risk of the company's immediate parent company, Capital Shopping Centres PLC, requesting settlement of the balance due to it.

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 7th Edition and IVS1 of International Valuation Standards.

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

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

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

1. Principal accounting policies (continued)

Revenue

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.

Derivative financial instruments

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

Changes in fair value are recognised directly in the income statement.

Exceptional items

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

Leases

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.

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

1. **Principal 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.

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

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

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

2. Revenue and net rental income

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

	2011 £m	2010 £m
Rent receivable	61.0	58.8
Service charge income	9.7	7.8
Revenue	70.7	66.6
Service charge costs	(10.0)	(8.8)
Other non-recoverable costs	(3.0)	(3.4)
Net rental income	57.7	54.4

3. Operating profit

The operating profit of £75.9 million (2010 £214.1 million) did not include any fees in respect of auditors' remuneration or directors' remuneration (2010 £nil). No deduction is made for auditors' remuneration of £3,300 (2010 £2,900) which was settled on behalf of the company by the ultimate parent company, Capital Shopping Centres Group PLC, and has not been recharged.

There were no employees during the year (2010 nil).

4. Finance costs

	2011 £m	2010 £m
On borrowings	23.2	21.3
On amounts due to group undertakings	21.4	20.7
Finance costs	44.6	42.0

During 2010 exceptional costs of £29.4 million were incurred on the termination of derivative financial instruments (interest rate swaps).

5. Taxation

The total taxation charge of nil (2010 £0.6 million) is all in respect of current taxation. The tax charge for the year is higher (2010 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2011 £m	2010 £m
(Loss)/profit before taxation	(0.6)	153.9
(Loss)/profit before tax multiplied by the standard rate of tax in the UK of 26.5% (2010 28%)	(0.2)	43.1
Fair value movements not subject to tax	-	(48.6)
Change in accounting policy	-	2.2
Capital allowances	-	(0.3)
Expenses disallowed	0.1	-
Transfer pricing adjustment	3.7	3.1
Group relief	0.7	0.9
REIT exemption - corporate tax	(6.8)	(0.4)
REIT exemption - deferred tax	2.5	-
REIT entry charge	-	0.6
Taxation	-	0.6

6. Investment and development property

	Freehold £m
At 1 January 2010	879.7
Additions	0.9
Surplus on revaluation	162.2
At 31 December 2010	1,042.8
At 1 January 2011	1,042.8
Additions	5.5
Surplus on revaluation	21.5
At 31 December 2011	1,069.8
Adjustment in respect of tenant incentives	12.2
Market value	1,082.0

The fair value of the company's investment and development property as at 31 December 2011 was determined by independent external valuers at that date. The valuation conforms with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 7th edition and with IVS1 of Internal Valuation Standards, and was arrived at by reference to market transactions for similar properties.

Investment property represents the Lakeside Shopping Centre, Thurrock.

7. Trade and other receivables

	2011 £m	2010 £m
Current		
Trade receivables	2.4	2.4
Other receivables	0.4	0.4
Prepayments and accrued income	4.2	3.0
	7.0	5.8
Non-current		
Prepayments and accrued income	10.7	9.7

Included within prepayments and accrued income are tenant incentives of £12.2 million (2010 £10.9 million).

8. Trade and other payables

	2011 £m	2010 £m
Rents received in advance	14.0	13.6
Amounts due to immediate parent company	350.3	346.8
Accruals and deferred income	4.0	3.8
Other payables	2.8	1.7
Other taxation and social security	2.9	6.2
	374.0	372.1

Amounts due to the immediate parent company are unsecured, repayable on demand and subordinated to the borrowings. Interest on amounts due to group undertakings has been charged at a rate of 6.25 per cent per annum (2010 6.25 per cent).

9. Derivative financial instruments

Derivative financial instruments at 31 December 2011 comprise interest rate swaps classified as held for trading.

10. Operating leases

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

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

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

	2011 £m	2010 £m
Not later than one year	54.8	51.3
Later than one year and not later than five years	187.3	191.8
Later than five years	137.4	107.0
	379.5	350.1

11. 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 Capital Shopping Centres Group PLC's treasury department and the group's policies for managing each of these risks as they apply to the company and the principal effects of these policies on the results for the year are summarised below.

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 Group to fair value interest rate risk.

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

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

11. Financial risk management (continued)

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

	Fixed 2011 £m	Floating 2011 £m	Fixed 2010 £m	Floating 2010 £m
Borrowings	-	515.8	-	521.1
Derivative impact	390.0	(390.0)	157.5	(157.5)
Net borrowings profile	390.0	125.8	157.5	363.6
Interest rate protection on floating debt		75.6%		30.2%

The weighted average rate of interest rates contracted through interest rates swaps is 3.4 per cent (2010 3.5 per cent).

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £11.0 million (2010 £13.1 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 £11.3 million (2010 £13.4 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.

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

11. Financial risk management (continued)

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

			2011		
	Within 1 year £m	**1-2 years £m**	**3-5 years £m**	**over 5 years £m**	**Total £m**
Borrowings (including interest)	(22.2)	(21.9)	(70.3)	(494.3)	(608.7)
Tax and other payables	(5.7)	-	-	-	(5.7)
Derivatives payments	(11.5)	(14.8)	(45.6)	(3.4)	(75.3)
Derivative receipts	3.8	4.7	19.5	2.1	30.1
	(35.6)	(32.0)	(96.4)	(495.6)	(659.6)

			2010		
	Within 1 year £m	**1-2 years £m**	**3-5 years £m**	**over 5 years £m**	**Total £m**
Borrowings (including interest)	(21.5)	(23.1)	(96.8)	(533.2)	(674.6)
Tax and other payables	(8.0)	-	-	-	(8.0)
Derivatives payments	(7.9)	(11.5)	(45.4)	(18.4)	(83.2)
Derivative receipts	2.0	4.6	42.8	22.4	71.8
	(35.4)	(30.0)	(99.4)	(529.2)	(694.0)

11. Financial risk management (continued)

Credit risk

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

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

Prospective tenants are assessed via a review process, including obtaining credit ratings and reviewing financial information which is conducted internally. As a result deposits or guarantors may be obtained. The amount of deposits held as collateral at 31 December 2011 is £0.5 million (2010 £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:

	2011 £m	2010 £m
Up to three months	2.1	2.2
Three to six months	0.3	0.2
Trade receivables	2.4	2.4

At 31 December 2011 trade receivables are shown net of provisions totalling £0.3 million (2010 £nil).

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

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

11. Financial risk management (continued)

Classification of financial assets and liabilities

The table below sets out the company's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2011 and 31 December 2010. 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.

2011	**Carrying value £m**	**Fair value £m**	**Gain/(loss) to income statement £m**
Trade and other receivables	17.7	17.7	-
Cash and cash equivalents	1.1	1.1	-
Total cash and receivables	18.8	18.8	-
Derivative financial instruments	44.0	44.0	(31.9)
Total held for trading liabilities	44.0	44.0	(31.9)
Trade and other payables	(374.0)	(374.0)	-
Borrowings	(511.1)	(511.1)	-
Total loans and payables	(885.1)	(885.1)	-

2010	Carrying value £m	Fair Value £m	Gain/(loss) to income statement £m
Derivative financial instruments	4.6	4.6	-
Total held for trading assets	4.6	4.6	-
Trade and other receivables	15.5	15.5	-
Cash and cash equivalents	1.1	1.1	-
Total cash and receivables	16.6	16.6	-
Derivative financial instruments	(16.4)	(16.4)	11.2
Total held for trading liabilities	(16.4)	(16.4)	11.2
Trade and other payables	(372.1)	(372.1)	-
Borrowings	(515.4)	(515.4)	-
Total loans and payables	(887.5)	(887.5)	-

11. Financial risk management (continued)

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

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

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

12. Share capital

	2011 £m	2010 £m
Issued, called up and fully paid		
196,044,100 ordinary shares of £1 each	196.0	196.0

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009. Under saving provisions, the current maximum number of shares which may be issued by the company is 196,500,000 ordinary shares of £1 each.

13. Capital commitments

At 31 December 201, the company was contractually committed to £5.1 million (2010 £6.5 million) of future expenditure for the purchase, construction and enhancement of investment property. All of the £5.1 million is expected to be spent in 2012.

14. Cash generated from operations

	2011 £m	2010 £m
(Loss)/profit before tax	(0.6)	153.9
Remove:		
Revaluation of investment property	(21.5)	(162.2)
Amortisation of lease incentives and other direct costs	(0.4)	(0.1)
Finance costs	44.6	42.0
Exceptional finance costs	-	29.4
Change in fair value of derivative financial instruments	31.9	(11.2)
Changes in working capital:		
Change in trade and other receivables	(1.8)	(1.5)
Change in trade and other payables	5.8	64.6
Cash generated from operations	58.0	114.9

15. Related party transactions

During the year the company entered into the following transactions with other Group companies:

	Nature of transaction	2011 £m	2010 £m
Capital Shopping Centres PLC	Interest payable	21.4	20.7

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

	Amounts owed by		Amounts owed to	
	2011 £m	2010 £m	2011 £m	2010 £m
Capital Shopping Centres PLC	-	-	350.3	346.8

16. Ultimate parent company

The ultimate parent company is Capital Shopping Centres Group PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

INTU WATFORD LIMITED
(FORMERLY CSC HARLEQUIN LIMITED)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Company number 5389482

INTU WATFORD LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors submit their report and audited financial statements of the company for the year ended 31 December 2012.

Intu Watford Limited (formerly CSC Harlequin Limited) is incorporated and registered in England and Wales. The Company's registered office is 40 Broadway, London, SW1H 0BT.

PRINCIPAL ACTIVITY
The principal activity of the company is the ownership, management and development of The Harlequin Shopping Centre, Watford.

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.

Net rental income was £16.9 million compared to £20.0 million for the previous year, reflecting the impact of tenant administrations and the resultant void rates arising from the current market conditions. A revaluation deficit of £4.2 million was recorded during the year (2011 deficit £26.2 million). The profit before taxation was £228.9 million, compared with a loss of £39.3 million for the previous year, reflecting a waiver of amounts owed to the Company's parent of £240 million. Net assets at 31 December 2012 were £17.5 million, an increase of £248.9 million from the 31 December 2011 net liability figure of £231.4 million. This is principally due to the waiver of amounts owed to the Company's parent of £240 million and the issue of 500 shares for £20 million during the year.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

As the company's ultimate parent company is Intu Properties plc (formerly Capital Shopping Centres Group PLC), the company faces largely those risks and uncertainties faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

The company changed its name from CSC Harlequin Limited to Intu Watford Limited on 15 February 2013. On the same date the company's ultimate parent changed its name from Capital Shopping Centres Group PLC to Intu Properties plc.

DIVIDENDS
The directors do not recommend a dividend for the year (2011 £nil).

CAPITAL MANAGEMENT
The directors consider the capital of the company to be the ordinary share capital of £1, share premium of £20 million and funding from the Company's immediate parent company of £36.4 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 6.

INTU WATFORD LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS
Directors who held office during the year or to the date of this report are as follows:

Martin Ellis
David Fischel
Hugh Ford
Trevor Pereira
Matthew Roberts
Peter Weir

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.

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.

INTU WATFORD LIMITED

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

Peter Weir

Peter Weir
Director
25 February 2013

INTU WATFORD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTU WATFORD LIMITED

We have audited the financial statements of Intu Watford Limited (registered company no. 5389482) for the year ended 31 December 2012 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, 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 report and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTU WATFORD 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

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 February 2013

INTU WATFORD LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Revenue	2	28.5	29.5
Net rental income	2	16.9	20.0
Revaluation of investment and development property		(4.2)	(26.2)
Administration expenses		(1.0)	(1.5)
Operating profit/(loss)	3	11.7	(7.7)
Finance costs	4	(25.8)	(29.4)
Exceptional finance income/(costs)	4	232.2	(3.7)
Change in fair value of derivative financial instruments		10.8	1.5
Profit/(loss) before tax		228.9	(39.3)
Taxation	5	-	-
Profit/(loss) for the year		228.9	(39.3)

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.

INTU WATFORD LIMITED

BALANCE SHEET
AT 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Investment and development property	6	321.1	324.8
Trade and other receivables	7	3.4	2.9
		324.5	327.7
Current assets			
Trade and other receivables	7	1.2	1.8
Cash and cash equivalents		0.6	0.7
		1.8	2.5
Total assets		326.3	330.2
Current liabilities			
Trade and other payables	8	(44.6)	(281.6)
Borrowings	11	(5.0)	(4.7)
Derivative financial instruments	9	(1.4)	(2.0)
		(51.0)	(288.3)
Non-current liabilities			
Borrowings	11	(241.2)	(246.1)
Derivative financial instruments	9	(16.6)	(27.2)
		(257.8)	(273.3)
Total liabilities		(308.8)	(561.6)
Net assets/(liabilities)		17.5	(231.4)
Equity			
Share capital	13	-	-
Share premium		20.0	-
Accumulated losses		(2.5)	(231.4)
Total equity		17.5	(231.4)

The notes on page 10 to 25 form part of these financial statements.

The financial statements on pages 6 to 25 have been approved by the Board of Directors on 25 February 2013 and signed on its behalf by

Trevor Pereira
Director

Peter Weir

Peter Weir
Director

INTU WATFORD LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £m	Share premium £m	Accumulated losses £m	Total equity £m
At 1 January 2011	-	-	(192.1)	(192.1)
Loss for the year	-	-	(39.3)	(39.3)
Total comprehensive income for the year	-	-	(39.3)	(39.3)
At 31 December 2011	-	-	(231.4)	(231.4)
At 1 January 2012	-	-	(231.4)	(231.4)
Profit for the year	-	-	228.9	228.9
Total comprehensive income for the year	-	-	228.9	228.9
Ordinary shares issued	-	20.0	-	20.0
At 31 December 2012	-	20.0	(2.5)	17.5

INTU WATFORD LIMITED

STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Cash generated from operations	15	18.7	39.2
Interest paid		(33.7)	(32.8)
Taxation – REIT entry charge		-	(1.6)
Cash flows from operating activities		(15.0)	4.8
Purchase and development of property		(0.5)	-
Cash flows from investing activities		(0.5)	-
Borrowings repaid		(4.6)	(4.7)
Issue of ordinary shares		20.0	-
Cash flows from financing activities		15.4	(4.7)
Net (decrease)/increase in cash and cash equivalents		(0.1)	0.1
Cash and cash equivalents at 1 January		0.7	0.6
Cash and cash equivalents at 31 December		0.6	0.7

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with 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 properties and derivative financial instruments. 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. In addition, the directors assessed the risk of the company's immediate parent company, Capital Shopping Centres PLC, requesting settlement of the balance due to it including their waiver of £240 million of the balance during the year. 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 accounts 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 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.

1. Principal accounting policies (continued)

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.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

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 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, vacancies, letting periods and likely incentives offered to tenants.

Properties held under leases are stated gross of the recognised finance lease liability.

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.

1. **Principal 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.

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.

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

1. Principal accounting policies (continued)

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.

– Company as lessee:

Finance leases of investment property are accounted for as finance leases and recognised as an asset and an obligation to pay future minimum lease payments. The investment property asset is included in the balance sheet at fair value, gross of the recognised finance lease liability. Contingent rents are recognised as they accrue.

Other finance lease assets are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments and depreciated over the shorter of the lease term and the useful life of the asset.

Lease payments are allocated between the liability and finance charges so as to achieve a constant financing rate.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

– Company as lessor:

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

Impairment of assets

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

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.

1. **Principal accounting policies (continued)**

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.

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.

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.

INTU WATFORD 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 £m	2011 £m
Rent receivable	24.3	25.3
Service charge income	4.2	4.2
	28.5	29.5
Rent payable	(1.7)	(1.9)
Service charge costs	(4.7)	(4.7)
Other non-recoverable costs	(5.2)	(2.9)
Net rental income	16.9	20.0

3. Operating profit/(loss)

The operating profit of £11.7 million (2011 loss of £7.7 million) did not include any amounts in respect of auditors' remuneration or directors' remuneration (2011 £nil). No deduction is made for auditors' remuneration of £3,300 (2011 £3,300) which was settled on behalf of the company by the ultimate parent company, Intu Properties plc , and has not been recharged.

There were no employees during the year (2011 nil).

4. Finance costs

	2012 £m	2011 £m
On borrowings	(10.2)	(13.2)
On amounts due to immediate parent company	(15.6)	(16.2)
Finance costs	(25.8)	(29.4)

	2012 £m	2011 £m
Waiver of amount due to parent company	240.0	-
Termination of derivative financial instruments (interest rate swaps)	(7.8)	(3.7)
Exceptional finance income/(costs)	232.2	(3.7)

5. 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 higher) than the standard rate of corporation tax in the UK. The differences are explained below.

	2012 £m	2011 £m
Profit/(loss) before tax	228.9	(39.3)
Loss before tax multiplied by the standard rate of tax in the UK of 24.5% (2011 26.5%)	56.1	(10.4)
Inter company debt waiver not subject to tax	(58.8)	-
Expenses disallowed	0.1	-
Transfer pricing adjustment	3.8	4.3
Group relief	0.2	0.5
REIT exemption - corporation tax	0.2	(0.9)
REIT exemption - deferred tax	(1.6)	6.5
Tax expense	-	-

6. Investment and development property

	£m
At 1 January 2011	351.0
Deficit on revaluation	(26.2)
At 31 December 2011	324.8
At 1 January 2012	324.8
Additions	0.5
Deficit on revaluation	(4.2)
At 31 December 2012	321.1
Adjustment in respect of tenant incentives	3.7
Adjustment in respect of head leases	(0.8)
Market value	324.0

The fair value of the company's investment and development property as at 31 December 2012 was determined by independent external valuers at that date. The valuation conforms with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 8th edition and with IVS1 of Internal Valuation Standards, and was arrived at by reference to market transactions for similar properties.

Investment property represents The Harlequin Shopping Centre, Watford.

INTU WATFORD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

7. Trade and other receivables

	2012 £m	2011 £m
Current		
Trade receivables	0.2	-
Other receivables	0.1	0.5
Prepayments and accrued income	0.9	1.3
	1.2	1.8
Non-current		
Prepayments and accrued income	3.4	2.9

Included within prepayments and accrued income are tenant lease incentives of £3.7 million (2011 £3.3 million).

8. Trade and other payables

	2012 £m	2011 £m
Current		
Rents received in advance	4.8	5.2
Amounts due to immediate parent company	36.4	273.0
Accruals and deferred income	0.9	1.2
Other payables	1.5	1.1
Other taxation and social security	1.0	1.1
	44.6	281.6

Amounts due to the immediate parent company are unsecured, repayable on demand and subordinated to the bank loan. Interest on amounts due to group undertakings has been charged at a rate of 6.25 per cent per annum (2011 6.25 per cent).

9. Derivative financial instruments

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

10. Operating leases

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

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

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

	2012 £m	2011 £m
Not later than one year	17.5	17.3
Later than one year and not later than five years	51.1	54.5
Later than five years	19.9	17.2
	88.5	89.0

11. Borrowings

	2012 £m	2011 £m
Current borrowings		
Bank loans	4.6	4.4
Finance lease obligations	0.4	0.3
	5.0	4.7
Non-current borrowings		
Bank loans	240.8	245.3
Finance lease obligations	0.4	0.8
	241.2	246.1

(a) Minimum lease payments under finance leases fall due:	2012 £m	2011 £m
Not later than one year	0.5	0.5
Later than one year and not later than five years	0.5	0.9
	1.0	1.4
Future finance charges on finance leases	(0.2)	(0.3)
Present value of finance lease liabilities	0.8	1.1

(b) Present value of minimum finance lease obligations:	2012 £m	2011 £m
Not later than one year	0.4	0.3
Later than one year and not later than five years	0.4	0.8
	0.8	1.1

Finance lease liabilities are in respect of leasehold investment property. Many leases provide for payment of contingent rent, usually a proportion of net rental income, in addition to the rents above.

12. 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 (formerly Capital Shopping Centres Group PLC's) treasury department and the group's policies for managing each of these risks as they apply to the company and the principal effects of these policies on the results for the year are summarised below.

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

	Fixed 2012 £m	Floating 2012 £m	Fixed 2011 £m	Floating 2011 £m
Borrowings	0.8	245.8	1.1	250.4
Derivative impact	245.8	(245.8)	250.4	(250.4)
Net borrowings profile	246.6	-	251.5	-
Interest rate protection on floating debt		100.0%		100.0%

The weighted average rate of interest rates contracted through interest rates swaps is 3.6 per cent (2011 4.5 per cent).

INTU WATFORD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

12. 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 £2.6 million (2011 £4.1 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 £2.7 million (2011 £4.1 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.

					2012
	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(6.8)	(7.0)	(237.3)	-	(251.1)
Amounts due to immediate parent company	(36.4)	-	-	-	(36.4)
Other financial liabilities	(1.9)	-	-	-	(1.9)
Derivative payments	(8.8)	(8.7)	(4.2)	-	(21.7)
Derivative receipts	1.3	1.4	0.8	-	3.5
	(52.6)	(14.3)	(240.7)	-	(307.6)

12. Financial risk management (continued)

					2011
	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(8.0)	(8.0)	(246.4)	-	(262.4)
Amounts due to immediate parent company	(273.0)	-	-	-	(273.0)
Other financial liabilities	(2.2)	-	-	-	(2.2)
Derivative payments	(11.6)	(11.3)	(16.5)	-	(39.4)
Derivative receipts	2.7	2.6	4.4	-	9.7
	(292.1)	(16.7)	(258.5)	-	(567.3)

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 £0.1 million (2011 £0.2 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	2011 £m
Up to three months	0.2	-
Three to six months	-	-
Trade receivables	0.2	-

At 31 December 2012 trade receivables are shown net of provision totalling £0.4 million (2011 £0.1 million).

12. 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 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.

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	0.3	0.3	-
Cash and cash equivalents	0.6	0.6	-
Total cash and receivables	0.9	0.9	-
Derivative financial instruments	(18.0)	(18.0)	10.8
Total held for trading liabilities	(18.0)	(18.0)	10.8
Trade and other payables	(38.3)	(38.3)	-
Borrowings	(246.2)	(206.4)	-
Total loans and payables	(284.5)	(244.7)	-

12. Financial risk management (continued)

2011	Carrying value £m	Fair value £m	Gain/(loss) to income statement £m
Trade and other receivables	0.5	0.5	-
Cash and cash equivalents	0.7	0.7	-
Total cash and receivables	1.2	1.2	-
Derivative financial instruments	(29.2)	(29.2)	1.5
Total held for trading liabilities	(29.2)	(29.2)	1.5
Trade and other payables	(275.2)	(275.2)	-
Borrowings	(250.8)	(185.8)	-
Total loans and payables	(526.0)	(461.0)	-

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

Fair value hierarchy

Level 1: valuation based on quoted market prices traded in active markets.

Level 2: valuation techniques are used, maximising the use of observable market data, either directly from market prices or derived from market prices.

Level 3: where one or more inputs to valuation are not based on observable market data. Valuations at this level are more subjective and therefore more closely managed, including sensitivity analysis of inputs to valuation models. Such testing has not indicated that any material difference would arise due to a change in input variables.

Capital structure

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

13. Share capital

	£
Issued, called up and fully paid	
At 31 December 2011 – 1 ordinary share of £1	1
Shares issued	500
At 31 December 2012 – 501 ordinary shares of £1	501

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009. Under saving provisions, the current maximum number of shares which may be issued by the company is 1,000 ordinary shares of £1 each.

14. Capital commitments

At 31 December 2012, the Board had approved £3.0 million (2011 – £nil) of future expenditure for the purchase, construction, development and enhancement of investment property. Of this none (2011 – none) is contractually committed.

15. Cash generated from operations

	2012 £m	2011 £m
Profit/(loss) before tax	228.9	(39.3)
Remove:		
Revaluation of investment property	4.2	26.2
Lease incentives and letting costs	(0.5)	0.3
Finance costs	25.8	29.4
Exceptional finance (income)/costs	(232.2)	3.7
Change in fair value of derivative financial instruments	(10.8)	(1.5)
Changes in working capital:		
Change in trade and other receivables	0.6	(0.4)
Change in trade and other payables	2.7	20.8
Cash generated from operations	18.7	39.2

16. Related party transactions

During the year the company entered into the following transactions with other Group companies:

	Nature of transaction	2012 £m	2011 £m
Capital Shopping Centres PLC	Interest payable	15.6	16.2

Significant balances outstanding between the company and other Group companies are shown below:

	Amounts owed to 2012 £m	2011 £m
Capital Shopping Centres PLC	36.4	273.0

17. 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 Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

CSC HARLEQUIN LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Company number 5389482

CSC HARLEQUIN LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors submit their report and audited financial statements of the company for the year ended 31 December 2011.

CSC Harlequin Limited is incorporated and registered in England and Wales. The Company's registered office is 40 Broadway, London, SW1H 0BT.

PRINCIPAL ACTIVITY

The principal activity of the company is the ownership, management and development of The Harlequin Shopping Centre, Watford.

BUSINESS REVIEW

The company's results and financial position for the year ended 31 December 2011 are set out in full in the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The company's performance during the period reflects a satisfactory rental performance, given the prevailing property market conditions. Net rental income was £20.0 million compared to £19.6 million for the previous year. A revaluation deficit of £26.2 million was recorded during the year (2010 surplus of £17.9 million). The loss before taxation was £39.3 million, compared with a loss of £0.8 million for the previous year. Net liabilities at 31 December 2011 were £231.4 million, an increase of £39.3 million from the 31 December 2010 figure of £192.1 million.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

As the company's ultimate parent company is Capital Shopping Centres Group PLC, the company faces largely those risks and uncertainties faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

DIVIDENDS

The directors do not recommend a dividend for the year (2010 £nil).

CAPITAL MANAGEMENT

The directors consider the capital of the company to be the ordinary share capital of £1 and funding from the Company's immediate parent company of £273.0 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 6.

CSC HARLEQUIN LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS

Directors who held office during the year or to the date of this report are as follows:

Martin Ellis	
David Fischel	
Hugh Ford	appointed 3 November 2011
Trevor Pereira	
Matthew Roberts	
Peter Weir	appointed 3 November 2011
Kay Chaldecott	resigned 30 September 2011
Caroline Kirby	resigned 17 October 2011

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, Capital Shopping Centres Group 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.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

CSC HARLEQUIN LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

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

Matthew Roberts

Matthew Roberts
Director
26 April 2012

CSC HARLEQUIN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSC HARLEQUIN LIMITED

We have audited the financial statements of CSC Harlequin Limited (registered company no. 5389482) for the year ended 31 December 2011 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss 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.

CSC HARLEQUIN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSC HARLEQUIN 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

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 April 2012

CSC HARLEQUIN LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Revenue	2	29.5	29.5
Net rental income	2	20.0	19.6
Revaluation of investment and development property		(26.2)	17.9
Administration expenses		(1.5)	(1.7)
Operating (loss)/profit	3	(7.7)	35.8
Finance costs	4	(29.4)	(28.8)
Exceptional finance costs	4	(3.7)	-
Change in fair value of derivative financial instruments		1.5	(7.8)
Loss before tax		(39.3)	(0.8)
Taxation	5	-	(0.2)
Loss for the year		(39.3)	(1.0)

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

CSC HARLEQUIN LIMITED

BALANCE SHEET
AT 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Non-current assets			
Investment and development property	6	324.8	351.0
Trade and other receivables	7	2.9	3.1
		327.7	354.1
Current assets			
Trade and other receivables	7	1.8	1.6
Cash and cash equivalents		0.7	0.6
		2.5	2.2
Total assets		330.2	356.3
Current liabilities			
Trade and other payables	8	(281.6)	(263.4)
Borrowings	11	(4.7)	(4.2)
Derivative financial instruments	9	(2.0)	-
		(288.3)	(267.6)
Non-current liabilities			
Borrowings	11	(246.1)	(249.8)
Derivative financial instruments	9	(27.2)	(31.0)
		(273.3)	(280.8)
Total liabilities		(561.6)	(548.4)
Net liabilities		(231.4)	(192.1)
Equity			
Share capital	13	-	-
Retained earnings		(231.4)	(192.1)
Total equity		(231.4)	(192.1)

The notes on page 10 to 26 form part of these financial statements.

The financial statements on pages 6 to 26 have been approved by the Board of Directors on 26 April 2012 and signed on its behalf by

Matthew Roberts

Matthew Roberts
Director

Peter Weir

Peter Weir
Director

CSC HARLEQUIN LIMITED

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2011

	Share capital £m	Retained earnings £m	Total equity £m
At 1 January 2010	-	(191.1)	(191.1)
Loss for the year	-	(1.0)	(1.0)
Total comprehensive income for the year	-	(1.0)	(1.0)
At 31 December 2010	-	(192.1)	(192.1)
At 1 January 2011	-	(192.1)	(192.1)
Loss for the year	-	(39.3)	(39.3)
Total comprehensive income for the year	-	(39.3)	(39.3)
At 31 December 2011	-	(231.4)	(231.4)

CSC HARLEQUIN LIMITED

STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Cash generated from operations	15	39.2	35.4
Interest paid		(32.8)	(28.4)
Taxation – REIT entry charge		(1.6)	(3.0)
Cash flows from operating activities		4.8	4.0
Borrowings repaid		(4.7)	(4.3)
Cash flows from financing activities		(4.7)	(4.3)
Net decrease in cash and cash equivalents		0.1	(0.3)
Cash and cash equivalents at 1 January		0.6	0.9
Cash and cash equivalents at 31 December		0.7	0.6

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with 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 properties and derivative financial instruments. A summary of the accounting policies is set out below.

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

During 2011, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the Company's 31 December 2011 year end:

- IFRS 24 Related Party Disclosures;
- IFRS 32 Financial Instruments: Presentation (amendment);
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments; and
- Amendments arising from 2010 annual improvements project.

These either had no material impact on the financial statements or resulted in changes to presentation and disclosure only.

The following standard has been issued and adopted by the EU but is not effective for the year ended 31 December 2011 and has not been adopted early:

- IFRS 7 Financial Instruments: Disclosures (amendment)

This pronouncement is not expected to have a material impact on the financial statements, but may result in changes to presentations or disclosure.

1. Principal accounting policies (continued)

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;
- IFRS 11 Joint Arrangements;
- IFRS 13 Fair Value Measurement; and
- IAS 28 Investments in Associates and Joint Ventures.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

In concluding that the going concern basis of preparation is appropriate to adopt, the directors considered the level of financial support that may be made available to the company by its ultimate parent, Capital Shopping Centres Group PLC. The directors took into account the consolidated financial statements of its immediate parent, Capital Shopping Centres PLC for the year ended 31 December 2011, which were prepared on a going concern basis. The directors have also considered the risk of the company's immediate parent company, Capital Shopping Centres PLC, requesting settlement of the balance due to it.

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 7th Edition and IVS1 of International Valuation Standards.

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

Properties held under leases are stated gross of the recognised finance lease liability.

1. Principal accounting policies (continued)

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

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

Revenue
The Company recognises revenue 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.

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

Changes in fair value are recognised directly in the income statement.

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

1. **Principal accounting policies (continued)**

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.

– Company as lessee:

Finance leases of investment property are accounted for as finance leases and recognised as an asset and an obligation to pay future minimum lease payments. The investment property asset is included in the balance sheet at fair value, gross of the recognised finance lease liability. Contingent rents are recognised as they accrue.

Other finance lease assets are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments and depreciated over the shorter of the lease term and the useful life of the asset.

Lease payments are allocated between the liability and finance charges so as to achieve a constant financing rate.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

– Company as lessor:

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

Impairment of assets

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

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.

1. Principal accounting policies (continued)

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.

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

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

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

2. Revenue and net rental income

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

	2011 £m	2010 £m
Rent receivable	25.3	25.7
Service charge income	4.2	3.8
	29.5	29.5
Rent payable	(1.9)	(2.0)
Service charge costs	(4.7)	(4.3)
Other non-recoverable costs	(2.9)	(3.6)
Net rental income	20.0	19.6

3. Operating (loss)/profit

The operating loss of £7.7 million (2010 profit of £35.8 million) did not include any fees in respect of auditors' remuneration or directors' remuneration (2010 £nil). No deduction is made for auditors' remuneration of £3,300 (2010 £2,900) which was settled on behalf of the company by the ultimate parent company, Capital Shopping Centres Group PLC, and has not been recharged.

There were no employees during the year (2010 nil).

4. Finance costs

	2011 £m	2010 £m
On borrowings	13.2	13.9
On amounts due to immediate parent company	16.2	14.9
Finance costs	29.4	28.8

Exceptional finance costs of £3.7 million were incurred during 2011 on the termination of derivative financial instruments (interest rate swaps).

5. Taxation

The total taxation charge of nil (2010 £0.2 million) is all in respect of current taxation. The tax charge for the year is higher (2010 higher) than the standard rate of corporation tax in the UK. The differences are explained below.

	2011 £m	2010 £m
Loss before taxation	(39.3)	(0.8)
Loss before tax multiplied by the standard rate of tax in the UK of 26.5% (2010 28%)	(10.4)	(0.2)
Fair value movements not subject to tax	-	(2.9)
Change of accounting policy	-	0.9
Transfer pricing adjustment	4.3	4.2
Group relief	0.5	0.5
REIT exemption - corporation tax	(0.9)	(2.5)
REIT exemption - deferred tax	6.5	-
REIT entry charge	-	0.2
Taxation	-	0.2

6. Investment and development property

	£m
At 1 January 2010	333.1
Surplus on revaluation	17.9
At 31 December 2010	351.0
At 1 January 2011	351.0
Deficit on revaluation	(26.2)
At 31 December 2011	324.8
Adjustment in respect of tenant incentives	3.3
Adjustment in respect of head leases	(1.1)
Market value	327.0

The fair value of the Group's investment and development property as at 31 December 2010 was determined by independent external valuers at that date. The valuation conforms with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 7th edition and with IVS1 of Internal Valuation Standards, and was arrived at by reference to market transactions for similar properties.

The historic cost of investment and development property was £464.5 million (2010 £464.5 million).

Investment property represents The Harlequin Shopping Centre, Watford.

7. Trade and other receivables

	2011 £m	2010 £m
Current		
Trade receivables	-	0.5
Other receivables	0.5	0.2
Prepayments and accrued income	1.3	0.9
	1.8	1.6
Non-current		
Prepayments and accrued income	2.9	3.1

Included within prepayments and accrued income are tenant lease incentives of £3.3 million (2010 £3.5 million).

8. Trade and other payables

	2011 £m	2010 £m
Current		
Rents received in advance	5.2	5.4
Amounts due to immediate parent company	273.0	252.2
Accruals and deferred income	1.2	2.1
Other payables	1.1	1.2
Other taxation and social security	1.1	2.5
	281.6	263.4

Amounts due to the immediate parent company are unsecured, repayable on demand and subordinated to the bank loan. Interest on amounts due to group undertakings has been charged at a rate of 6.25 per cent per annum (2010 6.25 per cent).

9. Derivative financial instruments

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

10. Operating leases

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

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

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

	2011 £m	2010 £m
Not later than one year	17.3	18.7
Later than one year and not later than five years	54.5	60.7
Later than five years	17.2	28.6
	89.0	108.0

11. Borrowings

	2011 £m	2010 £m
Current borrowings:		
Bank loans	4.4	3.7
Finance lease obligations	0.3	0.5
	4.7	4.2
Non-current borrowings:		
Bank loans	245.3	248.9
Finance lease obligations	0.8	0.9
	246.1	249.8

	2011 £m	2010 £m
(a) Minimum lease payments under finance leases fall due:		
Not later than one year	0.5	0.5
Later than one year and not later than five years	0.9	1.4
	1.4	1.9
Future finance charges on finance leases	(0.3)	(0.5)
Present value of finance lease liabilities	1.1	1.4

	2011 £m	2010 £m
(b) Present value of minimum finance lease obligations		
Not later than one year	0.3	0.5
Later than one year and not later than five years	0.8	0.9
	1.1	1.4

Finance lease liabilities are in respect of leasehold investment property. Many leases provide for payment of contingent rent, usually a proportion of net rental income, in addition to the rents above.

12. 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 Capital Shopping Centres Group PLC's treasury department and the group's policies for managing each of these risks as they apply to the company and the principal effects of these policies on the results for the year are summarised below.

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.

12. Financial risk management (continued)

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

	Fixed 2011 £m	Floating 2011 £m	Fixed 2010 £m	Floating 2010 £m
Borrowings	1.1	250.4	1.4	254.0
Derivative impact	250.4	(250.4)	254.8	(254.0)
Net borrowings profile	251.5	-	256.2	-
Interest rate protection on floating debt		100.0%		100.0%

The weighted average rate of interest rates contracted through interest rates swaps is 4.5 per cent (2010 5.0 per cent).

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £4.1 million (2010 £5.1 million) in the fair value of derivatives. The approximate impact of a 50 basis point shift downwards in the level of interest rates would be a negative movement of £4.1 million (2010 £5.2 million) in the fair value of derivatives. In practice, a parallel shift in the yield curve is highly unlikely. However, the above sensitivity analysis is a reasonable illustration of the possible effect from the changes in slope and shifts in the yield curve that may actually occur. Because the fixed rate derivative financial instruments are matched by floating rate debt, the overall effect on company cash flow of such a movement would be very small.

12. 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.

			2011		
	Within 1 year £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(8.0)	(8.0)	(246.4)	-	(262.4)
Tax and other payables	(2.2)	-	-	-	(2.2)
Derivatives payments	(11.6)	(11.3)	(16.5)	-	(39.4)
Derivative receipts	2.7	2.6	4.4	-	9.7
	(19.1)	(16.7)	(258.5)	-	(294.3)

			2010		
	Within 1 year £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(7.4)	(8.4)	(265.8)	-	(281.6)
Tax and other payables	(3.7)	-	-	-	(3.7)
Derivatives payments	(12.7)	(12.5)	(30.2)	-	(55.4)
Derivative receipts	2.3	3.1	18.3	-	23.7
	(21.5)	(17.8)	(277.7)	-	(317.0)

12. 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 2011 is £0.2 million (2010 £0.1 million).

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

The ageing analysis of these trade receivables is as follows:

	2011 £m	2010 £m
Up to three months	-	0.3
Three to six months	-	0.2
Trade receivables	-	0.5

At 31 December 2011 trade receivables are shown net of provision totalling £0.1 million (2010 £nil million).

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

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

12. 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 2011 and 31 December 2010. 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.

2011	**Carrying value £m**	**Fair value £m**	**Gain/(loss) to income statement £m**
Trade and other receivables	4.7	4.7	-
Cash and cash equivalents	0.7	0.7	-
Total cash and receivables	5.4	5.4	-
Derivative financial instruments	(29.2)	(29.2)	1.5
Total held for trading liabilities	(29.2)	(29.2)	1.5
Trade and other payables	(281.6)	(281.6)	-
Borrowings	(250.8)	(250.8)	-
Total loans and payables	(532.4)	(532.4)	-

2010	Carrying value £m	Fair value £m	Gain/(loss) to income statement £m
Trade and other receivables	4.7	4.7	-
Cash and cash equivalents	0.6	0.6	-
Total cash and receivables	5.3	5.3	-
Derivative financial instruments	(31.0)	(31.0)	(7.8)
Total held for trading liabilities	(31.0)	(31.0)	(7.8)
Trade and other payables	(263.4)	(263.4)	-
Borrowings	(254.0)	(254.0)	-
Total loans and payables	(517.4)	(517.4)	-

12. Financial risk management (continued)

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

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

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

13. Share capital

	2011 £	2010 £
Issued, called up and fully paid		
1 Ordinary Share of £1	1	1

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009. Under saving provisions, the current maximum number of shares which may be issued by the company is 1,000 ordinary shares of £1 each.

14. Capital commitments

At 31 December 2011, the company was contractually committed to £nil million (2010 £nil million) of future expenditure for the purchase, construction and enhancement of investment property.

15. Cash generated from operations

	2011 £m	2010 £m
Loss before tax	(39.3)	(0.8)
Remove:		
Revaluation of investment property	26.2	(17.9)
Amortisation of lease incentives and other direct costs	0.3	(0.2)
Finance costs	29.4	28.8
Exceptional finance costs	3.7	-
Change in fair value of derivative financial instruments	(1.5)	7.8
Changes in working capital:		
Change in trade and other receivables	(0.4)	(0.3)
Change in trade and other payables	20.8	18.0
Cash generated from operations	39.2	35.4

16. Related party transactions

During the year the company entered into the following transactions with other Group companies:

	Nature of transaction	2011 £m	2010 £m
Capital Shopping Centres PLC	Interest payable	16.2	14.9

Significant balances outstanding between the company and other Group companies are shown below:

	Amounts owed by		Amounts owed to	
	2011 £m	2010 £m	2011 £m	2010 £m
Capital Shopping Centres PLC	-	-	273.0	252.2

17. Ultimate parent company

The ultimate parent company is Capital Shopping Centres Group PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

BRAEHEAD GLASGOW LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Company number 2725146

BRAEHEAD GLASGOW LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors submit their report and audited financial statements of the company for the year ended 31 December 2012.

Braehead Glasgow Limited is incorporated and registered in England and Wales. The company's registered office is 40 Broadway, London, SW1H 0BU.

PRINCIPAL ACTIVITY
The principal activity of the company is the joint ownership and management of Braehead Shopping Centre, Glasgow, with another group undertaking.

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, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

Net rental income was £14.8 million compared to £15.1 million for the previous year. The company's profit on ordinary activities before taxation is £11.2 million (2011 £9.3 million). Property valuation surplus amounted to £0.5 million (2011 surplus £1.0 million). Net assets at 31 December 2012 were £122.5 million, an increase of £11.2 million from the 31 December 2011 net assets of £111.3 million.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

As the company's ultimate parent company is Intu Properties plc (formerly Capital Shopping Centres Group PLC), the company faces largely those risks and uncertainties faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

On 15 February 2013, the company's ultimate parent changed its name from Capital Shopping Centres Group PLC to Intu Properties plc.

DIVIDENDS
During the year no dividends were paid (2011 £nil). The Directors no not recommend a dividend for 2012.

INVESTMENT PROPERTY
Details of the movements in investment and development property are set out in note 6 to the financial statements.

CAPITAL MANAGEMENT
The directors consider the capital of the company to be the ordinary share capital of £15.9 million. Management of this capital is performed at a group level.

BRAEHEAD GLASGOW LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS
The directors who held office during the year or until the date of this report are listed 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.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and to 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.

BRAEHEAD GLASGOW LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

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 the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's 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

Peter Weir

Peter Weir
Director
25 February 2013

BRAEHEAD GLASGOW LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRAEHEAD GLASGOW LIMITED

We have audited the financial statements of Braehead Glasgow Limited (registered company no. 2725146) for the year ended 31 December 2012 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with 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 statement 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.

BRAEHEAD GLASGOW LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRAEHEAD GLASGOW 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

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 February 2013

BRAEHEAD GLASGOW LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Revenue	2	18.7	18.8
Net rental income	2	14.8	15.1
Revaluation of investment and development property		0.5	1.0
Administration expenses		(0.7)	(1.0)
Operating profit	3	14.6	15.1
Finance costs	4	(7.7)	(7.6)
Finance income		0.7	0.8
Exceptional finance costs	4	(0.1)	-
Change in fair value of derivative financial instruments		3.7	1.0
Profit before tax		11.2	9.3
Taxation	5	-	-
Profit for the year		11.2	9.3

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.

BRAEHEAD GLASGOW LIMITED

BALANCE SHEET
AT 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Investment and development property	6	286.1	284.3
Trade and other receivables	7	3.9	4.7
		290.0	289.0
Current assets			
Trade and other receivables	7	11.2	9.4
Cash and cash equivalents		1.0	0.2
		12.2	9.6
Total assets		302.2	298.6
Current liabilities			
Borrowings	10	(3.6)	(4.6)
Trade and other payables	8	(6.0)	(5.4)
Derivative financial instruments	11	(1.2)	(0.4)
		(10.8)	(10.4)
Non-current liabilities			
Borrowings	10	(154.7)	(158.3)
Derivative financial instruments	11	(14.2)	(18.6)
		(168.9)	(176.9)
Total liabilities		(179.7)	(187.3)
Net assets		122.5	111.3
Shareholders equity			
Share capital	16	15.9	15.9
Retained earnings		106.6	95.4
Total equity		122.5	111.3

The notes on pages 10 to 24 form part of these financial statements.

The financial statements on pages 6 to 24 were approved by the Directors of Braehead Glasgow Limited, on 25 February 2013 and are signed on its behalf by:

Trevor Pereira
Director

Peter Weir

Peter Weir
Director

BRAEHEAD GLASGOW LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED AT 31 DECEMBER 2012

	Share capital	Retained earnings	Total equity
	£m	£m	£m
At 1 January 2011	15.9	86.1	102.0
Profit for the year	-	9.3	9.3
Total comprehensive income for the year	-	9.3	9.3
At 31 December 2011	15.9	95.4	111.3
At 1 January 2012	15.9	95.4	111.3
Profit for the year	-	11.2	11.2
Total comprehensive income for the year	-	11.2	11.2
At 31 December 2012	15.9	106.6	122.5

BRAEHEAD GLASGOW LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Cash generated from operations	12	13.8	14.6
Interest paid		(7.1)	(7.8)
Taxation paid		-	(1.1)
Cash flows from operating activities		6.7	5.7
Purchase and development of property		(1.3)	(1.4)
Cash flows from investing activities		(1.3)	(1.4)
Borrowings repaid		(4.6)	(4.4)
Cash flows from financing activities		(4.6)	(4.4)
Net increase/(decrease) in cash and cash equivalents		0.8	(0.1)
Cash and cash equivalents at 1 January		0.2	0.3
Cash and cash equivalents at 31 December		1.0	0.2

1. Principal accounting policies

Basis of preparation

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, available-for-sale investments, financial assets and liabilities held for trading. 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 accounts 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 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.

1. Principal accounting policies (continued)

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.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

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.

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

The company has elected to use the fair value model. Properties are 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 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.

BRAEHEAD GLASGOW LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. Principal accounting policies (continued)

Investment and development property (continued)
Properties held under leases are stated gross of the recognised finance lease liability. The cost of investment and development property includes capitalised interest and other directly attributable outgoings incurred during development. Interest is capitalised on the basis of the average rate of interest paid on the relevant debt outstanding. Interest ceases to be capitalised on the date of practical completion.

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

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.

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.

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.

1. Principal accounting policies (continued)

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.

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.

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

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

2. Revenue and net rental income

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

	2012 £m	2011 £m
Rent receivable	15.8	16.1
Service charge income	2.9	2.7
	18.7	18.8
Service charge costs	(3.1)	(3.1)
Other non-recoverable costs	(0.8)	(0.6)
Net rental income	14.8	15.1

3. Operating profit

Operating profit for the year ended 31 December 2012 of £14.6 million (2011 profit £15.1 million) did not include any amounts in respect of auditors' remuneration or directors' remuneration (2011 £nil). No deduction is made for the auditors' remuneration of £3,300 (2011 £3,300), which was settled on behalf of the company by its ultimate parent company Intu Properties plc and has not been recharged.

There were no employees during the year (2011 nil).

4. Finance costs

	2012 £m	2011 £m
On borrowings	7.7	7.6
Finance costs	7.7	7.6

	2012 £m	2011 £m
Termination of derivative financial instruments (interest rate swaps)	0.1	-
Exceptional finance costs	0.1	-

5. 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 £m	2011 £m
Profit before tax	11.2	9.3
Profit before tax multiplied by the standard rate of tax in the UK of 24.5% (2011 26.5%)	2.7	2.5
Change of accounting policy	-	0.6
Expenses disallowed	(0.1)	-
Transfer pricing adjustment	(0.1)	(0.3)
Group relief	0.1	0.2
REIT exemption – corporate tax	(1.4)	(2.3)
REIT exemption – deferred tax	(1.2)	(0.7)
Tax expense	-	-

6. Investment and development property

Freehold	2012 £m	2011 £m
At 1 January	284.3	281.9
Additions	1.3	1.4
Surplus on revaluation	0.5	1.0
At 31 December	286.1	284.3
Amounts shown in prepayments and accrued income in respect of lease incentives	5.1	5.3
Market value	291.2	289.6

The fair value of the company's investment property as at 31 December 2012 was determined by independent external valuers 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.

Freehold investment property represents the company's interest, held jointly with a group undertaking, in the Braehead Shopping Centre.

7. Trade and other receivables

	2012 £m	2011 £m
Current		
Rents receivable	0.6	0.5
Amounts owed by group undertakings	8.8	7.6
Prepayments and accrued income	1.8	1.2
Other receivables	-	0.1
	11.2	9.4
Non-current		
Prepayments and accrued income	3.9	4.7

Included within prepayments and accrued income are tenant lease incentives of £5.1 million (2011 £5.3 million).

8. Trade and other payables

	2012 £m	2011 £m
Rents in advance	4.1	4.1
Other tax and social security	0.7	0.7
Other payables	0.5	0.4
Accruals and deferred income	0.7	0.1
Amounts due to group undertakings	-	0.1
	6.0	5.4

9. 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:

	2012 £m	2011 £m
Not later than one year	15.7	15.6
Later than one year and not later than five years	39.0	45.4
Later than five years	41.6	40.3
	96.3	101.3

10. Borrowings

	2012 £m	2011 £m
Current		
CMBS facility 2015	3.6	4.6
Non-Current		
CMBS facility 2015	154.7	158.3

In 2005 the company and another two group undertakings entered into a £710 million 10 year non-recourse loan facility secured on Braehead Shopping Centre and another shopping centre. The loan is stated after deduction of unamortised costs of £0.3 million (2011 £0.4 million). Amounts due to group undertakings are wholly subordinate to the loan under the terms of the loan.

11. Derivative financial instruments

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

12. Cash generated from operations

	2012 £m	2011 £m
Profit before tax	11.2	9.3
Remove:		
Revaluation of investment property	(0.5)	(1.0)
Lease incentives and letting costs	0.2	(1.3)
Net finance costs	7.1	6.8
Change in fair value of derivative financial instruments	(3.7)	(1.0)
Changes in working capital:		
Change in trade and other receivables	(1.0)	1.4
Change in trade and other payables	0.5	0.4
Cash generated from operations	13.8	14.6

BRAEHEAD GLASGOW LIMITED

13. Related party transactions

During the year the company entered into the following transactions with other group companies:

	Nature of transaction	2012 £m	2011 £m
Capital Shopping Centres PLC	Interest receivable	0.7	0.8

Significant balances outstanding between the company and other group companies are shown below:

	Amounts due from	
	2012 £m	2011 £m
Capital Shopping Centres PLC	4.9	5.4
Braehead Park Investments Limited	3.8	-
Intu Payments Limited (formerly CSC Payments Limited)	-	0.2
Braehead Park Estates Limited	-	2.0

	Amounts due to	
	2012 £m	2011 £m
Braehead Park Investments Limited	-	0.1

14. 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 Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

15. Capital commitments

At 31 December 2012, the Board had approved £0.7 million (2011 £0.7 million) of future expenditure for the purchase, construction, development and enhancement of investment property. Of this, £0.2 million (2011 £0.2 million) is contractually committed. All of the £0.7 million is expected to be spent in 2013.

16. Share capital

	2012 £m	2011 £m
Issued, called up and fully paid		
100 'A' ordinary shares of £1 each	-	-
15,547,200 'B' ordinary shares of €1.269738 each	15.9	15.9
	15.9	15.9

The A and B shares rank pari passu in all respects.

Under saving provisions, the current maximum number of shares which may be issued by the company is 100 'A' shares of £1 each and 16,000,000 'B' ordinary shares of €1.269738.

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 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.

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.

17. Financial risk management (continued)

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

	Fixed 2012 £m	Floating 2012 £m	Fixed 2011 £m	Floating 2011 £m
Borrowings	-	158.6	-	163.3
Derivative impact	142.8	(142.8)	147.0	(147.0)
Net borrowings profile	142.8	15.8	147.0	16.3
Interest rate protection on floating debt		90.0%		90.1%

The weighted average rate of interest rates contracted through interest rate swaps is 5.04 per cent (2011 5.05 per cent).

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £1.6 million (2011 £2.4 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 £1.6 million (2011 £2.4 million) in the fair value of derivatives. Movements in the fair value of derivatives are dealt with in the income statement. 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.

17. 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	Within 1 year or on demand £m	1-2 years £m	2-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(5.0)	(4.0)	(152.9)	-	(161.9)
Other financial liabilities	(0.8)	-	-	-	(0.8)
Amounts due to group undertakings	-	-	-	-	-
Derivatives payments	(7.1)	(7.0)	(3.4)	-	(17.5)
Derivative receipts	0.8	0.8	0.5	-	2.1
	(12.1)	(10.2)	(155.8)	-	(178.1)

2011	Within 1 year or on demand £m	1-2 years £m	2-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(6.9)	(5.9)	(158.2)	-	(171.0)
Other financial liabilities	(1.2)	-	-	-	(1.2)
Amounts due to group undertakings	(0.1)	-	-	-	(0.1)
Derivatives Payments	(7.4)	(7.1)	(10.5)	-	(25.0)
Derivative receipts	1.6	1.5	2.5	-	5.6
	(14.0)	(11.5)	(166.2)	-	(191.7)

17. 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 £nil (2011 £0.1 million).

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

The ageing analysis of these trade receivables is as follows:

	2012 £m	2011 £m
Up to three months	0.5	0.5
Three to six months	0.1	-
Trade receivables	0.6	0.5

At 31 December 2012 trade receivables are shown net of provision totalling £0.3 million (2011 £0.2 million).

The credit risk relating to cash, deposits and derivative 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.

17. 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 £m	Fair value £m	2012 Gain/(loss) to income Statement £m
Trade and other receivables	9.3	9.3	-
Cash and cash equivalents	1.0	1.0	-
Total cash and receivables	10.3	10.3	-
Derivative financial instruments	(15.4)	(15.4)	3.7
Total held for trading liabilities	(15.4)	(15.4)	3.7
Trade and other payables	(0.8)	(0.8)	-
Borrowings	(158.3)	(140.7)	-
Total loans and payables	(159.1)	(141.5)	-

17. Financial risk management (continued)

	Carrying Value £m	Fair Value £m	2011 Gain/(loss) to income Statement £m
Trade and other receivables	8.2	8.2	-
Cash and cash equivalents	0.2	0.2	-
Total cash and receivables	8.4	8.4	-
Derivative financial instruments	(19.0)	(19.0)	1.0
Total held for trading liabilities	(19.0)	(19.0)	1.0
Trade and other payables	(1.3)	(1.3)	-
Borrowings	(162.9)	(127.3)	-
Total loans and payables	(164.2)	(128.6)	-

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.

BRAEHEAD GLASGOW LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Company number 2725146

BRAEHEAD GLASGOW LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors submit their report and audited financial statements of the company for the year ended 31 December 2011.

Braehead Glasgow Limited is incorporated and registered in England and Wales. The Company's registered office is 40 Broadway, London, SW1H 0BU.

PRINCIPAL ACTIVITY
The principal activity of the company is the joint ownership and management of Braehead Shopping Centre, Glasgow, with another group undertaking.

BUSINESS REVIEW
The company's results and financial position for the year ended 31 December 2011 are set out in full in the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The company's profit on ordinary activities before taxation is £9.3 million (2010 £36.8 million). Property valuation surplus amounted to £1.0 million (2010 surplus £33.9 million). Shareholder's funds at 31 December 2011 were £111.3 million, an increase of £9.3 million from the 31 December 2010 shareholder's funds of £102.0 million.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

As the company's ultimate parent company is Capital Shopping Centres Group PLC, the company faces largely those risks and uncertainties faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

DIVIDENDS
During the year no dividends were paid (2010 Interim dividend £10 million and final dividend £ nil). The Directors no not recommend a dividend for 2011.

INVESTMENT PROPERTY
Details of the movements in investment and development property are set out in note 6 to the financial statements.

CAPITAL MANAGEMENT
The directors consider the capital of the company to be the ordinary share capital of £15.9 million. Management of this capital is performed at a group level.

BRAEHEAD GLASGOW LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS
The directors who held office during the year or until the date of this report are listed below:

Michael Butterworth	appointed 11 March 2011, resigned 3 November 2011
Kay Chaldecott	resigned 11 March 2011
Martin Ellis	resigned 11 March 2011, re-appointed 3 November 2011
David Fischel	
Hugh Ford	appointed 3 November 2011
Caroline Kirby	resigned 11 March 2011
Gordon McKinnon	appointed 11 March 2011
Trevor Pereira	resigned 11 March 2011, re-appointed 3 November 2011
Matthew Roberts	
Julian Wilkinson	appointed 11 March 2011
Peter Weir	appointed 3 November 2011

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, Capital Shopping Centres Group 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 have been followed, subject to any material departures disclosed and explained in the financial statements. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and to 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.

BRAEHEAD GLASGOW LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

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 the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's 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
25 June 2012

BRAEHEAD GLASGOW LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRAEHEAD GLASGOW LIMITED

We have audited the financial statements of Braehead Glasgow Limited (registered company no. 2725146) for the year ended 31 December 2011 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors
As explained more fully in the statement of Directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with 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 statement 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 2011 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.

BRAEHEAD GLASGOW LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRAEHEAD GLASGOW 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

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 June **2012**

BRAEHEAD GLASGOW LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £m	Represented 2010 £m
Revenue	2	18.8	18.7
Net rental income	2	15.1	15.1
Revaluation of investment and development property		1.0	33.9
Administration expenses		(1.0)	(1.1)
Operating profit	3	15.1	47.9
Finance costs	4	(7.6)	(9.0)
Finance income		0.8	2.0
Change in fair value of derivative financial instruments		1.0	(4.1)
Profit before tax		9.3	36.8
Taxation	5	-	(0.2)
Profit for the year		9.3	36.6

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.

BRAEHEAD GLASGOW LIMITED

BALANCE SHEET
AT 31 DECEMBER 2011

	Notes	2011 £m	Represented 2010 £m
Non-current assets			
Investment and development property	6	284.3	281.9
Trade and other receivables	7	4.7	3.7
		289.0	285.6
Current assets			
Trade and other receivables	7	9.4	12.0
Cash and cash equivalents		0.2	0.3
		9.6	12.3
Total assets		298.6	297.9
Current liabilities			
Borrowings		(4.6)	(4.4)
Trade and other payables	8	(5.4)	(8.5)
Derivative financial instruments		(0.4)	-
		(10.4)	(12.9)
Non-current liabilities			
Borrowings	10	(158.3)	(162.9)
Derivative financial instruments		(18.6)	(20.1)
		(176.9)	(183.0)
Total liabilities		(187.3)	(195.9)
Net assets		111.3	102.0
Shareholders equity			
Share capital	15	15.9	15.9
Retained earnings		95.4	86.1
		111.3	102.0

The notes on pages 10 to 27 form part of these accounts.

The accounts on pages 6 to 27 were approved by the Directors of Braehead Glasgow Limited, on 25 June 2012 and are signed on its behalf by:

David Fischel
Director
Braehead Glasgow Limited

Trevor Pereira
Director
Braehead Glasgow Limited

BRAEHEAD GLASGOW LIMITED

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2011

	Share Capital	Retained Earnings	Total Equity
	£m	£m	£m
At 1 January 2010 (represented)	15.9	59.5	75.4
Profit for the year (represented)	-	36.6	36.6
Total comprehensive income for the year	-	36.6	36.6
Dividends	-	(10.0)	(10.0)
At 31 December 2010 (represented)	15.9	86.1	102.0
At 1 January 2011	15.9	86.1	102.0
Profit for the year	-	9.3	9.3
Total comprehensive income for the year	-	9.3	9.3
At 31 December 2011	15.9	95.4	111.3

BRAEHEAD GLASGOW LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Cash generated from operations	11	14.6	41.2
Interest paid		(7.8)	(6.0)
Taxation paid		(1.1)	(2.0)
Cash flows from operating activities		5.7	33.2
Purchase and development of property		(1.4)	(2.8)
Cash flows from investing activities		(1.4)	(2.8)
Borrowings repaid		(4.4)	(21.2)
Dividends paid		-	(10.0)
Cash flows from financing activities		(4.4)	(31.2)
Net decrease in cash and cash equivalents		(0.1)	(0.8)
Cash and cash equivalents at beginning of the year		0.3	1.1
Cash and cash equivalents at 31 December		0.2	0.3

1. Principal accounting policies

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

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

The 1 January 2010 and 31 December 2010 comparatives have been additionally restated to correct the accounting for an inter-group transaction. There is no impact on the profit for the year ended 31 December 2010. The impact is to reduce investment and development property by £1.7 million, increase intercompany receivables by £2.0m and increase retained earnings by £0.3 million at 1 January 2010 and 31 December 2010.

Based on financial projections 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 accounts on a going concern basis.

In concluding that the going concern basis of preparation is appropriate to adopt, the directors considered the level of financial support that may be made available to the company by its ultimate parent, Capital Shopping Centres Group PLC. The directors took into account the consolidated financial statements of its immediate parent, Capital Shopping Centres PLC for the year ended 31 December 2011, which were prepared 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.

1. **Principal accounting policies (continued)**

During 2011, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the Company's 31 December 2011 year end:

- IFRS 24 Related Party Disclosures;
- IFRS 32 Financial Instruments: Presentation (amendment);
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments; and
- Amendments arising from 2010 annual improvements project.

These either had no material impact on the financial statements or resulted in changes to presentation and disclosure only.

The following standard has been issued and adopted by the EU but is not effective for the year ended 31 December 2011 and has not been adopted early:

- IFRS 7 Financial Instruments: Disclosures (amendment)

This pronouncement is 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;
- IFRS 11 Joint Arrangements;
- IFRS 13 Fair Value Measurement; and
- IAS 28 Investments in Associates and Joint Ventures.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

Revenue
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.

BRAEHEAD GLASGOW LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies (continued)

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.

Investment and development property
Investment and development property is owned or leased by the Company and held for long-term rental income and capital appreciation.

The Company has elected to use the fair value model. Properties are 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 7th Edition and IVS1 of International Valuation Standards.

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

The cost of investment and development property includes capitalised interest and other directly attributable outgoings incurred during development. Interest is capitalised on the basis of the average rate of interest paid on the relevant debt outstanding. Interest ceases to be capitalised on the date of practical completion.

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

BRAEHEAD GLASGOW LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. **Principal 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 based on market price.

Changes in fair value are recognised directly in the income statement, except for the effective portion of gains or losses on derivative financial instruments designated as a hedge of net investment in foreign operations, in which case they are recognised in other comprehensive income. Where derivative financial instruments are designated as a fair value hedge, the relevant fair value movements on the hedged item are also taken to the income statement.

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.

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

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

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.

BRAEHEAD GLASGOW LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal 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.

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

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

2. Revenue and net rental income

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

	2011 £m	Represented 2010 £m
Rent receivable	16.1	16.0
Service charge income	2.7	2.7
	18.8	18.7
Service charge costs	(3.1)	(3.1)
Other non-recoverable costs	(0.6)	(0.5)
Net rental income	15.1	15.1

3. Operating profit

Operating profit for the year ended 31 December 2011 of £15.1 million (2010 profit £47.9 million) did not include any fees in respect of auditors' remuneration or directors' remuneration (2010 £nil). No deduction is made for the auditors' remuneration of £3,300 (2010 £2,900), which was settled on behalf of the Company by its ultimate parent company Capital Shopping Centres Group PLC and has not been recharged.

There were no employees during the year (2010 nil).

4. Finance costs

	2011 £m	2010 £m
On borrowings	7.6	9.0
Finance costs	7.6	9.0

5. Taxation

The total taxation charge of nil (2010 £0.2 million) is all in respect of current taxation. The tax charge for the year is lower (2010 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2011 £m	Represented 2010 £m
Profit before taxation	9.3	36.8
Profit before tax multiplied by the standard rate of tax in the UK of 26.5% (2010 28%)	2.5	10.3
Change of accounting policy	0.6	0.1
Transfer pricing adjustment	(0.3)	(0.2)
Group relief	0.2	0.1
REIT exemption – corporate tax	(2.3)	(1.8)
REIT exemption – deferred tax	(0.7)	(8.5)
REIT entry charge	-	0.2
Taxation	-	0.2

BRAEHEAD GLASGOW LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

6. Investment and development property

	2011 £m	Represented 2010 £m
Freehold		
At 1 January	281.9	245.2
Additions	1.4	2.8
Surplus on revaluation	1.0	33.9
At 31 December	284.3	281.9
Amounts shown in prepayments and accrued income in respect of lease incentives	5.3	4.1
Market value	289.6	286.0

The fair value of the Company's investment property as at 31 December 2011 was determined by independent external valuers at that date. The valuation conforms with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 7th edition and with IVS1 of International Valuation Standards, and was arrived at by reference to market transactions for similar properties.

Freehold investment property represents the Company's interest, held jointly with a group undertaking, in the Braehead Shopping Centre.

7. Trade and other receivables

	2011 £m	Represented 2010 £m
Current		
Rents receivable	0.5	0.8
Amounts owed by group undertakings	7.6	10.2
Prepayments and accrued income	1.2	0.9
Other receivables	0.1	0.1
	9.4	12.0
Non-current		
Prepayments and accrued income	4.7	3.7

Included within prepayments and accrued income are tenant lease incentives of £5.3 million (2010 £4.1 million).

8. Trade and other payables

	2011 £m	2010 £m
Rents in advance	4.1	3.9
Other tax and social security	0.7	0.5
Other payables	0.4	1.4
Accruals and deferred income	0.1	0.8
Amounts due to group undertakings	0.1	1.9
	5.4	8.5

9. 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:

	2011 £m	2010 £m
Not later than one year	15.6	14.8
Later than one year and not later than five years	45.4	49.5
Later than five years	40.3	46.8
	101.3	111.1

10. Non current borrowings

	2011 £m	2010 £m
Non-Current		
CMBS facility 2015	158.3	162.9

In 2005 the company and another two group undertakings entered into a £710 million 10 year non-recourse loan facility secured on Braehead Shopping Centre and another shopping centre. The loan is stated at the fair value of the consideration received less amounts repaid and after deduction of unamortised costs of £0.4 million (2010 £0.5 million). Amounts due to group undertakings are wholly subordinate to the loan under the terms of the loan.

BRAEHEAD GLASGOW LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

11. Cash generated from operations

	2011 £m	2010 £m
Profit before tax	9.3	36.6
Remove:		
Revaluation of investment property	(1.0)	(33.9)
Amortisation of lease incentives and other direct costs	(1.3)	(1.5)
Net finance costs	6.8	6.0
Change in fair value of derivative financial instruments	(1.0)	4.1
Changes in working capital:		
Change in trade and other receivables	1.4	30.1
Change in trade and other payables	0.4	(0.2)
Cash generated from operations	14.6	41.2

12. Related party transactions

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

	Nature of transaction	2011 £m	2010 £m
Capital Shopping Centres PLC	Interest receivable	0.8	2.0

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

	Amounts due from 2011 £m	 2010 £m
Capital Shopping Centres PLC	5.4	8.2
CSC Payments Ltd	0.2	-
Braehead Park Estates Limited	2.0	2.0

12. Related party transactions (continued)

	Amounts due to 2011 £m	2010 £m
Braehead Park Investments Limited	0.1	1.9

13. Ultimate parent company

The ultimate parent company is Capital Shopping Centres Group PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

14. Capital commitments

At 31 December 2011, the Company was contractually committed to £0.7 million (2010 £0.5 million) of future expenditure for the purchase, construction and enhancement of investment property. All of the £0.7m is expected to be spent in 2012.

15. Share Capital

	2011 £	2010 £
Issued, called up and fully paid		
100 'A' ordinary shares of £1 each	100	100
15,547,200 'B' ordinary shares of €1.269738 each	15,900,098	15,900,098
	15,900,198	15,900,198

The A and B shares rank pari passu in all respects.

Under saving provisions, the current maximum number of shares which may be issued by the company is 100 'A' shares of £1 each and 16,000,000 'B' ordinary shares of €1.269738.

16. 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 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.

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.

16. Financial risk management (continued)

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

	Fixed 2011 £m	Floating 2011 £m	Fixed 2010 £m	Floating 2010 £m
Borrowings	-	163.3	-	167.7
Derivative impact	147.0	(147.0)	151.1	(151.1)
Net borrowings profile	147.0	16.3	151.1	16.6
Interest rate protection on floating debt		90.1%		90.1%

The weighted average rate of interest rates contracted through interest rate swaps is 5.05 per cent (2010 5.04 per cent).

Because the fixed rate derivative financial instruments are matched by floating rate debt, the overall effect on Company cash flow of such a movement would be very small.

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £2.4 million (2010 £3.0 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 £2.4 million (2010 £3.0 million) in the fair value of derivatives. Movements in the fair value of derivatives are dealt with in the income statement. 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.

BRAEHEAD GLASGOW LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

16. 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.

2011	Within 1 year or on demand £m	1-2 years £m	2-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(6.9)	(5.9)	(158.2)	-	(171.0)
Tax and other payables	(1.1)	-	-	-	(1.1)
Amounts due to group undertakings	(1.0)	-	-	-	(1.0)
Derivatives payments	(7.4)	(7.1)	(10.5)	-	(25.0)
Derivative receipts	1.6	1.5	2.5	-	5.6
	(14.8)	(11.5)	(166.2)	-	(192.5)

2010	Within 1 year or on demand £m	1-2 years £m	2-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(6.4)	(7.1)	(171.4)	-	(184.9)
Tax and other payables	(2.5)	-	-	-	(2.5)
Amounts due to parent and group undertakings	(1.9)	-	-	-	(1.9)
Derivatives payments	(7.5)	(7.4)	(17.6)	-	(32.5)
Derivative receipts	1.4	1.8	10.6	-	13.8
	(16.9)	(12.7)	(178.4)	-	(208.0)

16. 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 2011 is £0.1 million (2010 £0.2 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:

	2011 £m	2010 £m
Up to three months	0.5	0.8
Trade receivables	0.5	0.8

At 31 December 2011 trade receivables are shown net of provision totalling £0.2 million (2010 £0.1 million).

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

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

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 2011 and 31 December 2010. 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.

16. Financial risk management (continued)

	Carrying value £m	Fair value £m	2011 Loss to income statement £m
Trade and other receivables	14.1	14.1	-
Cash and cash equivalents	0.2	0.2	-
Total cash and receivables	14.3	14.3	-
Derivative financial instruments	19.0	19.0	1.0
Total held for trading liabilities	23.6	23.6	1.0
Trade and other payables	5.4	5.4	-
Borrowings	162.9	162.9	-
Total loans and payables	168.3	168.3	-

	Carrying value £m	Fair value £m	2010 Loss to income statement £m
Trade and other receivables	15.7	15.7	-
Cash and cash equivalents	0.3	0.3	-
Total cash and receivables	16.0	16.0	-
Derivative financial instruments	20.1	20.1	(4.1)
Total held for trading liabilities	24.5	24.5	(4.1)
Trade and other payables	8.5	8.5	-
Borrowings	167.3	167.3	-
Total loans and payables	175.8	175.8	-

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.

BRAEHEAD GLASGOW LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

16. 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.

17. Conversion to International Financial Reporting Standards

Following the Company's adoption of IFRS, the 2010 comparative information in these financial statements has been restated and represented under IFRS. Set out below are reconciliations of the loss for the year ended 31 December 2010 from UKGAAP to IFRS and for total equity under UKGAAP at 1 January 2010 and 31 December 2010 to total equity under IFRS. Additionally the balance sheet as at 1 January 2010 is presented under IFRS. More detailed explanations of the key adjustments are set out below these tables.

Reconciliation of profit for the year from UKGAAP to IFRS

	Notes	Year ended 31 December 2010 £m
Profit for the year (UKGAAP)		6.6
Lease incentives	a	0.2
Revaluation of investment property	d	33.9
Derivative financial instruments	c	(4.1)
Profit for the year (IFRS)		36.6

Reconciliation of total equity from UKGAAP to IFRS

	Notes	31 December 2010 £m	1 January 2010 £m
Total equity (UKGAAP)		119.7	89.1
Prior year adjustment (see note 1)		0.3	0.3
Total equity (UKGAAP) revised		120.0	89.4
Lease incentives	a	(1.8)	-
New letting costs	b	2.2	0.2
Derivative financial instruments	c	(18.4)	(14.2)
Total equity (IFRS)		102.0	75.4

BRAEHEAD GLASGOW LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

17. Conversion to International Financial Reporting Standards (continued)

Balance sheet at 1 January 2010 under IFRS

	1 January 2010 £m
Non-current assets	
Investment property	245.2
Current assets	
Trade and other receivables	76.2
Cash and cash equivalents	1.1
	77.3
Total assets	322.5
Current liabilities	
Borrowings	(21.6)
Trade and other payables	(41.4)
	(63.0)
Non-current liabilities	
Borrowings	(167.8)
Derivative financial instruments	(16.3)
	(184.1)
Total liabilities	(247.1)
Net assets	75.4
Shareholders equity	
Share capital	15.9
Retained earnings	59.5
	75.4

17. 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. Revenue and profits for the year ended 31 December 2010 are debited by £1.8m

b) New letting costs
Under UKGAAP the Company's policy was to expense costs directly incurred in negotiating and arranging leases. Under IFRS (IAS 17 Leases) it is required to recognise these as an expense over the lease term on the same basis as lease income. As a result a balance sheet asset of £2.2m is recognised on conversion

c) Derivative financial instruments
Under UKGAAP the Company does not recognise derivative financial instruments at fair value in the balance sheet instead only accounting for payments through the income statement as they accrue. Under IFRS (IAS 39 Financial Instruments: Recognition and Measurement) derivative financial instruments are recognised in the balance sheet at their fair value with fair value gains and losses being recognised in the income statement. As a result the result for the year ended 31 December 2010 is debited by £4.1m and total equity at 31 December 2010 decreased by £18.4m being the net of the fair value of the derivative financial instrument recognised under IFRS and the accrued payments recognised under UKGAAP.

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

BRAEHEAD PARK INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Company number 2722888

BRAEHEAD PARK INVESTMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors submit their report and audited financial statements of the company for the year ended 31 December 2012.

Braehead Park Investments Limited is incorporated and registered in England and Wales. The company's registered office is 40 Broadway, London, SW1H 0BU.

PRINCIPAL ACTIVITY
The principal activity of the company is the joint ownership and management of Braehead Shopping Centre, Glasgow, with another group undertaking.

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 profit on ordinary activities before taxation is £9.9 million (2011 £2.3 million). Property valuation surplus amounted to £0.5 million (2011 surplus £1.0 million). Net assets at 31 December 2012 were £109.5 million, an increase of £9.9 million from the 31 December 2011 net assets of £99.6 million.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

As the company's ultimate parent company is Intu Properties plc (formerly Capital Shopping Centres Group PLC), the company faces largely those risks and uncertainties faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

On 15 February 2013, the company's ultimate parent changed its name from Capital Shopping Centres Group PLC to Intu Properties plc.

DIVIDENDS
During the year no dividends were paid (2011 £nil). The Directors do not recommend a dividend for 2012.

INVESTMENT PROPERTY
Details of the movements in investment and development property are set out in note 6 to the financial statements.

CAPITAL MANAGEMENT
The directors consider the capital of the company to be the ordinary share capital of £14.1 million. Management of this capital is performed at a group level.

BRAEHEAD PARK INVESTMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS
The directors who held office during the year or until the date of this report are listed 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.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and to 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.

BRAEHEAD PARK INVESTMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

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 the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's 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

Peter Weir

Peter Weir
Director
25 February 2013

BRAEHEAD PARK INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRAEHEAD PARK INVESTMENTS LIMITED

We have audited the financial statements of Braehead Park Investments Limited (registered company no. 2722888) for the year ended 31 December 2012 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with 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 statement 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.

BRAEHEAD PARK INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRAEHEAD PARK 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.

Alison Morris

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 February 2013

BRAEHEAD PARK INVESTMENTS LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Revenue	2	18.7	18.8
Net rental income	2	14.8	15.1
Revaluation of investment and development property		0.5	1.0
Administration expenses		(0.7)	(1.0)
Operating profit	3	14.6	15.1
Finance costs	4	(8.0)	(9.8)
Exceptional finance costs	4	(4.5)	-
Change in fair value of derivative financial instruments		7.8	(3.0)
Profit before tax		9.9	2.3
Taxation	5	-	-
Profit for the year		9.9	2.3

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.

BRAEHEAD PARK INVESTMENTS LIMITED

BALANCE SHEET
AT 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Investment and development property	6	286.1	284.3
Trade and other receivables	7	3.9	4.7
		290.0	289.0
Current assets			
Trade and other receivables	7	2.4	3.9
		2.4	3.9
Total assets		292.4	292.9
Current liabilities			
Borrowings	10	(3.6)	(4.6)
Trade and other payables	8	(9.6)	(7.4)
Derivative financial instruments	11	(1.2)	(0.4)
		(14.4)	(12.4)
Non-current liabilities			
Borrowings	10	(154.7)	(158.3)
Derivative financial instruments	11	(13.8)	(22.6)
		(168.5)	(180.9)
Total liabilities		(182.9)	(193.3)
Net assets		109.5	99.6
Shareholders equity			
Share capital	16	14.1	14.1
Retained earnings		95.4	85.5
Total equity		109.5	99.6

The notes on pages 10 to 23 form part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Directors of Braehead Park Investments Limited, on 25 February 2013 and are signed on its behalf by:

Trevor Pereira
Director

Peter Weir

Peter Weir
Director

BRAEHEAD PARK INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital	Retained earnings	Total equity
	£m	£m	£m
At 1 January 2011	14.1	83.2	97.3
Profit for the year	-	2.3	2.3
Total comprehensive income for the year	-	2.3	2.3
At 31 December 2011	14.1	85.5	99.6
At 1 January 2012	14.1	85.5	99.6
Profit for the year	-	9.9	9.9
Total comprehensive income for the year	-	9.9	9.9
At 31 December 2012	14.1	95.4	109.5

BRAEHEAD PARK INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Cash generated from operations	12	18.4	16.7
Interest paid		(12.5)	(9.8)
Taxation paid		-	(1.1)
Cash flows from operating activities		5.9	5.8
Purchase and development of property		(1.3)	(1.4)
Cash flows from investing activities		(1.3)	(1.4)
Borrowings repaid		(4.6)	(4.4)
Cash flows from financing activities		(4.6)	(4.4)
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

1. Principal accounting policies

Basis of preparation

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, available-for-sale investments, financial assets and liabilities held for trading. 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 accounts 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 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.

1. Principal accounting policies (continued)

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.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

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.

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.

1. Principal accounting policies (continued)

Investment and development property
Investment and development property is owned or leased by the Company and held for long-term rental income and capital appreciation.

The company has elected to use the fair value model. Properties are 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 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.

Properties held under leases are stated gross of the recognised finance lease liability. The cost of investment and development property includes capitalised interest and other directly attributable outgoings incurred during development. Interest is capitalised on the basis of the average rate of interest paid on the relevant debt outstanding. Interest ceases to be capitalised on the date of practical completion.

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

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.

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.

1. Principal 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.

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.

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.

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

2. Revenue and net rental income

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

	2012 £m	2011 £m
Rent receivable	15.8	16.1
Service charge income	2.9	2.7
	18.7	18.8
Service charge costs	(3.1)	(3.1)
Other non-recoverable costs	(0.8)	(0.6)
Net rental income	14.8	15.1

3. Operating profit

Operating profit for the year ended 31 December 2012 of £14.6 million (2011 profit £15.1 million) did not include any amounts in respect of auditors' remuneration or directors' remuneration (2011 £nil). No deduction is made for the auditors' remuneration of £3,300 (2011 £3,300), which was settled on behalf of the company by its ultimate parent company Intu Properties plc and has not been recharged.

There were no employees during the year (2011 nil).

4. Finance costs

	2012 £m	2011 £m
On borrowings	8.0	9.8
Finance costs	8.0	9.8

	2012 £m	2011 £m
Termination of derivative financial instruments (interest rate swaps)	4.5	-
Exceptional finance costs	4.5	-

5. 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 £m	2011 £m
Profit before tax	9.9	2.3
Profit before tax multiplied by the standard rate of tax in the UK of 24.5% (2011 26.5%)	2.4	0.6
Change of accounting policy	-	0.6
Transfer pricing adjustment	0.1	0.1
Group relief	0.1	0.2
REIT exemption - corporate tax	(0.6)	(2.0)
REIT exemption - deferred tax	(2.0)	0.5
Tax expense	-	-

6. Investment and development property

	2012 £m	2011 £m
Freehold		
At 1 January	284.3	281.9
Additions	1.3	1.4
Surplus on revaluation	0.5	1.0
At 31 December	286.1	284.3
Amounts shown in prepayments and accrued income in respect of lease incentives	5.1	5.3
Market value	291.2	289.6

The fair value of the company's investment property as at 31 December 2012 was determined by independent external valuers 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.

Freehold investment property represents the company's interest, held jointly with a group undertaking, in the Braehead Shopping Centre.

7. Trade and other receivables

	2012 £m	2011 £m
Current		
Rents receivable	0.6	0.5
Amounts owed by group undertakings	-	2.1
Prepayments and accrued income	1.8	1.2
Other receivables	-	0.1
	2.4	3.9
Non-current		
Prepayments and accrued income	3.9	4.7

Included within prepayments and accrued income are tenant lease incentives of £5.1 million (2011 £5.3 million).

8. Trade and other payables

	2012 £m	2011 £m
Rents in advance	4.1	4.1
Other payables	0.3	0.3
Accruals and deferred income	0.7	2.3
Other taxes and social security	0.7	0.7
Amounts due to group undertakings	3.8	-
	9.6	7.4

9. 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:

	2012 £m	2011 £m
Not later than one year	15.7	15.6
Later than one year and not later than five years	39.0	45.4
Later than five years	41.6	40.3
	96.3	101.3

10. Borrowings

	2012 £m	2011 £m
Current		
CMBS facility 2015	3.6	4.6
Non-Current		
CMBS facility 2015	154.7	158.3

In 2005 the company and another two group undertakings entered into a £710 million 10 year non-recourse loan facility secured on Braehead Shopping Centre and another shopping centre. The loan is stated after deduction of unamortised costs of £0.3 million (2011 £0.4 million). Amounts due to group undertakings are wholly subordinate to the loan under the terms of the loan.

11. Derivative financial instruments

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

12. Cash generated from operations

	2012 £m	2011 £m
Profit before tax	9.9	2.3
Remove:		
Revaluation of investment property	(0.5)	(1.0)
Lease incentives and letting costs	0.2	(1.3)
Net finance costs	12.5	9.8
Change in fair value of derivative financial instruments	(7.8)	3.0
Changes in working capital:		
Change in trade and other receivables	2.3	2.4
Change in trade and other payables	1.8	1.5
Cash generated from operations	18.4	16.7

BRAEHEAD PARK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

13. Related party transactions

Significant balances outstanding between the company and other group companies are shown below:

	Amounts due from	
	2012	2011
	£m	£m
Braehead Glasgow Limited	-	0.1
Braehead Park Estates Limited	-	2.0

	Amounts due to	
	2012	2011
	£m	£m
Braehead Glasgow Limited	3.8	-

14. 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 Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

15. Capital commitments

At 31 December 2012, the Board had approved £0.7 million (2011 £0.7 million) of future expenditure for the purchase, construction, development and enhancement of investment property. Of this, £0.2 million (2011 £0.2 million) is contractually committed. All of the £0.7 million is expected to be spent in 2013.

16. Share capital

	2012	2011
	£m	£m
Issued, called up and fully paid		
14,067,650 ordinary shares of £1 each	14.1	14.1

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009. Under saving provisions, the current maximum number of shares which may be issued by the company is 15,000,000 ordinary shares of £1 each.

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 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.

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

	Fixed 2012 £m	Floating 2012 £m	Fixed 2011 £m	Floating 2011 £m
Borrowings	-	158.6	-	163.3
Derivative impact	174.3	(174.3)	179.5	(179.5)
Net borrowings profile	174.3	(15.7)	179.5	(16.2)
Interest rate protection on floating debt		110.0%		109.8%

The weighted average rate of interest rates contracted through interest rate swaps is 4.16 per cent (2011 5.02 per cent).

17. Financial risk management (continued)

The level of interest rate protection exceeds 100% however this reflects the fact that the company holds only 50% of the debt secured on Braehead, Glasgow but more than 50% of the financial instruments used to provide interest rate protection. When taken in conjunction with Braehead Glasgow Limited the overall level of interest rate protection does not exceed 100%.

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £1.9 million (2011 £2.9 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 £1.9 million (2011 £3.0 million) in the fair value of derivatives. Movements in the fair value of derivatives are dealt with in the income statement. 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 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.

					2012
	Within 1 year or on demand £m	**1-2 years £m**	**2-5 years £m**	**over 5 years £m**	**Total £m**
Borrowings (including interest)	(5.0)	(4.0)	(152.9)	-	(161.9)
Amounts due to group undertakings	(3.8)	-	-	-	(3.8)
Other financial liabilities	(0.8)	-	-	-	(0.8)
Derivatives payments	(7.2)	(7.0)	(3.4)	-	(17.6)
Derivative receipts	0.9	1.0	0.6	-	2.5
	(15.9)	(10.0)	(155.7)	-	(181.6)

17. Financial risk management (continued)

	Within 1 year or on demand £m	1-2 years £m	2-5 years £m	over 5 years £m	2011 Total £m
Borrowings (including interest)	(6.9)	(5.9)	(158.2)	-	(171.0)
Amounts due to group undertakings	-	-	-	-	-
Other financial liabilities	(1.2)	-	-	-	(1.2)
Derivatives Payments	(8.9)	(8.6)	(12.7)	-	(30.2)
Derivative receipts	1.9	1.8	3.1	-	6.8
	(15.1)	(12.7)	(167.8)	-	(195.6)

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 £nil (2011 £0.1 million).

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

The ageing analysis of these trade receivables is as follows:

	2012 £m	2011 £m
Up to three months	0.5	0.5
Three to six months	0.1	-
Trade receivables	0.6	0.5

At 31 December 2012 trade receivables are shown net of provision totalling £0.3 million (2011 £0.2 million).

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 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.

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 £m	Fair value £m	2012 Gain/(loss) to income Statement £m
Trade and other receivables	-	-	-
Total cash and receivables	-	-	-
Derivative financial instruments	(15.0)	(15.0)	7.8
Total held for trading liabilities	(15.0)	(15.0)	7.8
Trade and other payables	(3.8)	(3.8)	-
Borrowings	(158.3)	(140.7)	-
Total loans and payables	(162.1)	(144.5)	-

17. Financial risk management (continued)

	Carrying value £m	Fair value £m	2011 Loss to income Statement £m
Trade and other receivables	2.1	2.1	-
Total cash and receivables	2.1	2.1	-
Derivative financial instruments	(23.0)	(23.0)	(3.0)
Total held for trading liabilities	(23.0)	(23.0)	(3.0)
Trade and other payables	(7.4)	(7.4)	-
Borrowings	(162.9)	(127.3)	-
Total loans and payables	(170.3)	(134.7)	-

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.

BRAEHEAD PARK INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Company number 2722888

BRAEHEAD PARK INVESTMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors submit their report and audited financial statements of the company for the year ended 31 December 2011.

Braehead Park Investments Limited is incorporated and registered in England and Wales. The Company's registered office is 40 Broadway, London, SW1H 0BU.

PRINCIPAL ACTIVITY

The principal activity of the company is the joint ownership and management of Braehead Shopping Centre, Glasgow, with another group undertaking.

BUSINESS REVIEW

The company's results and financial position for the year ended 31 December 2011 are set out in full in the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The company's profit on ordinary activities before taxation is £2.3 million (2010 £34.8 million). Property valuation surplus amounted to £1.0 million (2010 surplus £33.9 million). Shareholder's funds at 31 December 2011 were £99.6 million, an increase of £2.3 million from the 31 December 2010 shareholder's funds of £97.3 million.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

As the company's ultimate parent company is Capital Shopping Centres Group PLC, the company faces largely those risks and uncertainties faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

DIVIDENDS

During the year no dividends were paid (2010 Interim dividend £2.8 million and final dividend £ Nil). The Directors no not recommend a dividend for 2011.

INVESTMENT PROPERTY

Details of the movements in investment and development property are set out in note 6 to the financial statements.

CAPITAL MANAGEMENT

The directors consider the capital of the company to be the ordinary share capital of £14.1 million. Management of this capital is performed at a group level.

BRAEHEAD PARK INVESTMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS
The directors who held office during the year or until the date of this report are listed below:

Michael Butterworth	appointed 11 March 2011, resigned 3 November 2011
Kay Chaldecott	resigned 11 March 2011
Martin Ellis	resigned 11 March 2011, re-appointed 3 November 2011
David Fischel	
Hugh Ford	appointed 3 November 2011
Caroline Kirby	resigned 11 March 2011
Gordon McKinnon	appointed 11 March 2011
Trevor Pereira	resigned 11 March 2011, re-appointed 3 November 2011
Matthew Roberts	
Julian Wilkinson	appointed 11 March 2011
Peter Weir	appointed 3 November 2011

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, Capital Shopping Centres Group 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 have been followed, subject to any material departures disclosed and explained in the financial statements. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and to 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.

BRAEHEAD PARK INVESTMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

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 the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's 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
25 June 2012

BRAEHEAD PARK INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRAEHEAD PARK INVESTMENTS LIMITED

We have audited the financial statements of Braehead Park Investments Limited (registered company no. 2722888) for the year ended 31 December 2011 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with 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 statement 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 2011 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.

BRAEHEAD PARK INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRAEHEAD PARK 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.

Alison Morris

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 June **2012**

BRAEHEAD PARK INVESTMENTS LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £m	Represented 2010 £m
Revenue	2	16.1	16.0
Net rental income	2	15.1	15.1
Revaluation of investment and development property		1.0	33.9
Administration expenses		(1.0)	(1.1)
Operating profit	3	15.1	47.9
Finance costs	4	(9.8)	(9.0)
Change in fair value of derivative financial instruments		(3.0)	(4.1)
Profit before tax		2.3	34.8
Taxation	5	-	(0.2)
Profit for the year		2.3	34.6

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.

BRAEHEAD PARK INVESTMENTS LIMITED

BALANCE SHEET
AT 31 DECEMBER 2011

	Notes	2011 £m	Represented 2010 £m
Non-current assets			
Investment and development property	6	284.3	281.9
Trade and other receivables	7	4.7	3.7
		289.0	285.6
Current assets			
Trade and other receivables	7	3.9	5.6
		3.9	5.6
Total assets		292.9	291.2
Current liabilities			
Borrowings		(4.6)	(4.4)
Trade and other payables	8	(7.4)	(6.5)
Derivative financial instruments		(0.4)	-
		(12.4)	(10.9)
Non-current liabilities			
Borrowings	10	(158.3)	(162.9)
Derivative financial instruments		(22.6)	(20.1)
		(180.9)	(183.0)
Total liabilities		(193.3)	(193.9)
Net assets		99.6	97.3
Shareholders equity			
Share capital	15	14.1	14.1
Retained earnings		85.5	83.2
		99.6	97.3

The notes on pages 10 to 26 form part of these accounts.

The accounts on pages 6 to 26 were approved by the Directors of Braehead Park Investments Limited, on 25 June 2012 and are signed on its behalf by:

David Fischel
Director
Braehead Park Investments Limited

Trevor Pereira
Director
Braehead Park Investments Limited

BRAEHEAD PARK INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2011

	Share Capital	Retained Earnings	Total Equity
	£m	£m	£m
At 1 January 2010 (represented)	14.1	51.4	65.5
Profit for the year (represented)	-	34.6	34.6
Total comprehensive income for the year	-	34.6	34.6
Dividends	-	(2.8)	(2.8)
At 31 December 2010 (represented)	14.1	83.2	97.3
At 1 January 2011	14.1	83.2	97.3
Profit for the year	-	2.3	2.3
Total comprehensive income for the year	-	2.3	2.3
At 31 December 2011	14.1	85.5	99.6

BRAEHEAD PARK INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Cash generated from operations	11	16.7	37.8
Interest paid		(9.8)	(9.0)
Taxation paid		(1.1)	(2.0)
Cash flows from operating activities		5.8	26.8
Purchase and development of property		(1.4)	(2.8)
Cash flows from investing activities		(1.4)	(2.8)
Borrowings repaid		(4.4)	(21.2)
Dividends paid		-	(2.8)
Cash flows from financing activities		(4.4)	(24.0)
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at 31 December		-	-

BRAEHEAD PARK INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies

Basis of preparation

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

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

The 1 January 2010 and 31 December 2010 comparatives have been additionally restated to correct the accounting for an inter-group transaction. There is no impact on the profit for the year ended 31 December 2010. The impact is to reduce investment and development property by £1.7 million, increase intercompany receivables by £2.0m and increase retained earnings by £0.3 million at 1 January 2010 and 31 December 2010.

Based on financial projections 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 accounts on a going concern basis.

In concluding that the going concern basis of preparation is appropriate to adopt, the directors considered the level of financial support that may be made available to the company by its ultimate parent, Capital Shopping Centres Group PLC. The directors took into account the consolidated financial statements of its immediate parent, Capital Shopping Centres PLC for the year ended 31 December 2011, which were prepared 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.

1. Principal accounting policies (continued)

During 2011, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the Company's 31 December 2011 year end:

- IFRS 24 Related Party Disclosures;
- IFRS 32 Financial Instruments: Presentation (amendment);
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments; and
- Amendments arising from 2010 annual improvements project.

These either had no material impact on the financial statements or resulted in changes to presentation and disclosure only.

The following standard has been issued and adopted by the EU but is not effective for the year ended 31 December 2011 and has not been adopted early:

- IFRS 7 Financial Instruments: Disclosures (amendment)

This pronouncement is 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;
- IFRS 11 Joint Arrangements;
- IFRS 13 Fair Value Measurement; and
- IAS 28 Investments in Associates and Joint Ventures.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

Revenue
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.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies (continued)

Taxation
Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Investment and development property
Investment and development property is owned or leased by the Company and held for long-term rental income and capital appreciation.

The Company has elected to use the fair value model. Properties are 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 7th Edition and IVS1 of International Valuation Standards.

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

The cost of investment and development property includes capitalised interest and other directly attributable outgoings incurred during development. Interest is capitalised on the basis of the average rate of interest paid on the relevant debt outstanding. Interest ceases to be capitalised on the date of practical completion.

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

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

Changes in fair value are recognised directly in the income statement, except for the effective portion of gains or losses on derivative financial instruments designated as a hedge of net investment in foreign operations, in which case they are recognised in other comprehensive income. Where derivative financial instruments are designated as a fair value hedge, the relevant fair value movements on the hedged item are also taken to the income statement.

1. Principal accounting policies (continued)

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.

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

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

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.

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.

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.

1. Principal accounting policies (continued)

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

2. Revenue and net rental income

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

	2011 £m	Represented 2010 £m
Rent receivable	16.1	16.0
Service charge income	2.7	2.7
	18.8	18.7
Service charge costs	(3.1)	(3.1)
Other non-recoverable costs	(0.6)	(0.5)
Net rental income	15.1	15.1

3. Operating profit

Operating profit for the year ended 31 December 2011 of £15.1 million (2010 profit £47.9 million) did not include any fees in respect of auditors' remuneration or directors' remuneration (2010 £nil). No deduction is made for the auditors' remuneration of £3,300 (2010 £2,900), which was settled on behalf of the Company by its ultimate parent company Capital Shopping Centres Group PLC and has not been recharged.

There were no employees during the year (2010 nil).

4. Finance costs

	2011 £m	2010 £m
On borrowings	9.8	9.0
Finance costs	9.8	9.0

BRAEHEAD PARK INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

5. Taxation

The total taxation charge of nil (2010 £0.2 million) is all in respect of current taxation. The tax charge for the year is higher (2010 higher) than the standard rate of corporation tax in the UK. The differences are explained below.

	2011 £m	Represented 2010 £m
Profit before taxation	2.3	34.8
Profit before tax multiplied by the standard rate of tax in the UK of 26.5% (2010 28%)	0.6	9.7
Change of accounting policy	0.6	0.1
Transfer pricing adjustment	0.1	(0.1)
Group relief	0.2	0.3
REIT exemption - corporate tax	(2.0)	(1.6)
REIT exemption - deferred tax	0.5	(8.4)
REIT entry charge	-	0.2
Taxation	-	0.2

6. Investment and development property

Freehold	2011 £m	Represented 2010 £m
At 1 January	281.9	245.2
Additions	1.4	2.8
Surplus on revaluation	1.0	33.9
At 31 December	284.3	281.9
Amounts shown in prepayments and accrued income in respect of lease incentives	5.3	4.1
Market value	289.6	286.0

The fair value of the Company's investment property as at 31 December 2011 was determined by independent external valuers at that date. The valuation conforms with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 7th edition and with IVS1 of International Valuation Standards, and was arrived at by reference to market transactions for similar properties.

6. Investment and development property (continued)

Freehold investment property represents the Company's interest, held jointly with a group undertaking, in the Braehead Shopping Centre.

7. Trade and other receivables

	2011 £m	Represented 2010 £m
Current		
Rents receivable	0.5	0.8
Amounts owed by group undertakings	2.1	3.9
Prepayments and accrued income	1.2	0.8
Other receivables	0.1	0.1
	3.9	5.6
Non-current		
Prepayments and accrued income	4.7	3.7

Included within prepayments and accrued income are tenant lease incentives of £5.3 million (2010 £4.1 million).

8. Trade and other payables

	2011 £m	2010 £m
Rents in advance	4.1	3.9
Other payables	0.3	1.3
Accruals and deferred income	2.3	0.8
Other taxes and social security	0.7	0.5
	7.4	6.5

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

9. 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:

	2011 £m	2010 £m
Not later than one year	15.6	14.8
Later than one year and not later than five years	45.4	49.5
Later than five years	40.3	46.8
	101.3	111.1

10. Borrowings

Non-current	2011 £m	2010 £m
CMBS facility 2015	158.3	162.9

In 2005 the company and another two group undertakings entered into a £710 million 10 year non-recourse loan facility secured on Braehead Shopping Centre and another shopping centre. The loan is stated at the fair value of the consideration received less amounts repaid and after deduction of unamortised costs of £0.4 million (2010 £0.5 million). Amounts due to group undertakings are wholly subordinate to the loan under the terms of the loan.

BRAEHEAD PARK INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

11. Cash generated from operations

	2011 £m	2010 £m
Profit before tax	2.3	34.8
Remove:		
Revaluation of investment property	(1.0)	(33.9)
Amortisation of lease incentives and other direct costs	(1.3)	(1.5)
Net finance costs	9.8	9.0
Change in fair value of derivative financial instruments	3.0	4.1
Changes in working capital:		
Change in trade and other receivables	2.4	25.3
Change in trade and other payables	1.5	-
Cash generated from operations	16.7	37.8

12. Related party transactions

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

	Amounts due from 2011 £m	2010 £m
Braehead Glasgow Limited	0.1	1.9
Braehead Park Estates Limited	2.0	2.0

13. Ultimate parent company

The ultimate parent company is Capital Shopping Centres Group PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

14. Capital commitments

At 31 December 2011, the Company was contractually committed to £0.7 million (2010 £0.5 million) of future expenditure for the purchase, construction and enhancement of investment property. All of the £0.7m is expected to be spent in 2012.

15. Share capital

	2010 £m	2009 £m
Issued, called up and fully paid		
14,067,650 ordinary shares of £1 each	14.1	14.1

Under saving provisions, the current maximum number of shares which may be issued by the company is 15,000,000 ordinary shares of £1 each.

16. 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 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.

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.

BRAEHEAD PARK INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

16. Financial risk management (continued)

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

	Fixed 2011 £m	Floating 2011 £m	Fixed 2010 £m	Floating 2010 £m
Borrowings	-	163.3	-	167.7
Derivative impact	179.5	(179.5)	184.4	(184.4)
Net borrowings profile	179.5	(16.2)	184.4	(16.7)
Interest rate protection on floating debt		109.8%		109.9%

The weighted average rate of interest rates contracted through interest rate swaps is 5.02 per cent (2010 5.01 per cent).

The level of interest rate protection exceeds 100% however this reflects the fact that the company holds only 50% of the debt secured on Braehead, Glasgow but more than 50% of the financial instruments used to provide interest rate protection. When taken in conjunction with Braehead Glasgow Limited the overall level of interest rate protection does not exceed 100%.

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £2.9 million (2010 £3.6 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 £3.0 million (2010 £3.7 million) in the fair value of derivatives. Movements in the fair value of derivatives are dealt with in the income statement. In practice, a parallel shift in the yield curve is highly unlikely. However, the above sensitivity analysis is a reasonable illustration of the possible effect from the changes in slope and shifts in the yield curve that may actually occur. Because the fixed rate derivative financial instruments are matched by floating rate debt, the overall effect on Company cash flow of such a movement would be very small.

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

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.

BRAEHEAD PARK INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

16. Financial risk management (continued)

	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	2011 Total £m
Borrowings (including interest)	(6.9)	(5.9)	(158.2)	-	(171.0)
Tax and other payables	(1.0)	-	-	-	(1.0)
Derivatives payments	(8.9)	(8.6)	(12.7)	-	(30.2)
Derivative receipts	1.9	1.8	3.1	-	6.8
	(14.9)	(12.7)	(167.8)	-	195.4

	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	2010 Total £m
Borrowings (including interest)	(6.4)	(7.1)	(171.4)	-	(184.9)
Tax and other payables	(1.8)	-	-	-	(1.8)
Derivatives payments	(9.2)	(8.9)	(21.3)	-	(39.4)
Derivative receipts	1.7	2.2	12.9	-	16.8
	(15.7)	(13.8)	(179.8)	-	(209.3)

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 2011 is £0.1 million (2010 £0.2 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.

16. Financial risk management (continued)

The ageing analysis of these trade receivables is as follows:

	2011 £m	2010 £m
Up to three months	0.5	0.8
Trade receivables	0.5	0.8

At 31 December 2011 trade receivables are shown net of provision totalling £0.2 million (2010 £0.1 million).

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

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

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 2011 and 31 December 2010. 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	2011 Loss to income statement £m
Trade and other receivables	8.6	8.6	-
Total cash and receivables	8.6	8.6	-
Derivative financial instruments	23.0	23.0	(3.0)
Total held for trading liabilities	27.6	27.6	(3.0)
Trade and other payables	7.4	7.4	-
Borrowings	162.9	162.9	-
Total loans and payables	170.3	170.3	-

16. Financial risk management (continued)

	Carrying value £m	Fair value £m	2010 Loss to income statement £m
Trade and other receivables	9.3	9.3	-
Total cash and receivables	9.3	9.3	-
Derivative financial instruments	20.1	20.1	(4.1)
Total held for trading liabilities	24.5	24.5	(4.1)
Trade and other payables	6.5	6.5	-
Borrowings	167.3	167.3	-
Total loans and payables	173.8	173.8	-

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.

BRAEHEAD PARK INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

17. Conversion to International Financial Reporting Standards

Following the Company's adoption of IFRS, the 2010 comparative information in these financial statements has been restated and represented under IFRS. Set out below are reconciliations of the loss for the year ended 31 December 2010 from UKGAAP to IFRS and for total equity under UKGAAP at 1 January 2010 and 31 December 2010 to total equity under IFRS. Additionally the balance sheet as at 1 January 2010 is presented under IFRS. More detailed explanations of the key adjustments are set out below these tables.

Reconciliation of profit for the year from UKGAAP to IFRS

	Notes	Year ended 31 December 2010 £m
Profit for the year (UKGAAP)		4.5
Lease incentives	a	0.3
Revaluation of investment property	d	33.9
Derivative financial instruments	c	(4.1)
Profit for the year (IFRS)		34.6

Reconciliation of total equity from UKGAAP to IFRS

	Notes	31 December 2010 £m	1 January 2010 £m
Total equity (UKGAAP)		115.0	79.2
Prior year adjustment (see note 1)		0.3	0.3
Total equity (UKGAAP) revised		115.3	79.5
Lease incentives	a	(1.8)	-
New letting costs	b	2.2	0.2
Derivative financial instruments	c	(18.4)	(14.2)
Total equity (IFRS)		97.3	65.5

BRAEHEAD PARK INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

17. Conversion to International Financial Reporting Standards (continued)

Balance sheet at 1 January 2010 under IFRS

	1 January 2010 £m
Non-current assets	
Investment property	245.2
Current assets	
Trade and other receivables	39.3
	39.3
Total assets	284.5
Current liabilities	
Borrowings	(21.6)
Trade and other payables	(13.3)
	(34.9)
Non-current liabilities	
Borrowings	(166.9)
Trade and other payables	(0.9)
Derivative financial instruments	(16.3)
	(184.1)
Total liabilities	(219.0)
Net assets	65.5
Shareholders equity	
Share capital	14.1
Retained earnings	51.4
	65.5

17. 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. Revenue and profits for the year ended 31 December 2010 are debited by £1.8m

b) New letting costs
Under UKGAAP the Company's policy was to expense costs directly incurred in negotiating and arranging leases. Under IFRS (IAS 17 Leases) it is required to recognise these as an expense over the lease term on the same basis as lease income. As a result a balance sheet asset of £2.2m is recognised on conversion

c) Derivative financial instruments
Under UKGAAP the Company does not recognise derivative financial instruments at fair value in the balance sheet instead only accounting for payments through the income statement as they accrue. Under IFRS (IAS 39 Financial Instruments: Recognition and Measurement) derivative financial instruments are recognised in the balance sheet at their fair value with fair value gains and losses being recognised in the income statement. As a result the result for the year ended 31 December 2010 is debited by £4.1m and total equity at 31 December 2010 decreased by £18.4m being the net of the fair value of the derivative financial instrument recognised under IFRS and the accrued payments recognised under UKGAAP.

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

VCP (GP) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Company number 4531121

VCP (GP) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors submit their report and the audited financial statements of the company for the year ended 31 December 2012.

VCP (GP) 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 as the General Partner of the Victoria Centre Partnership ("Limited Partnership"). The company is responsible for the management and control of the business of the Limited Partnership. The company in its role as General Partner can bind the Limited Partnership in contract. No further partner may be admitted to the Limited Partnership except with the consent of the company as General Partner. The constitution and governance of the Limited Partnership including the rights of the General Partner are determined by the Limited Partnership Agreement dated 20 January 2003 which replaced the original agreement dated 31 December 1991 and changes thereto.

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.

Both the level of business during the year and the year end financial position were as expected. Profit before tax was £5,000 (2011 £5,000). Net assets at 31 December 2012 were £26,000 (2011 £21,000).

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.

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 (formerly Capital Shopping Centres Group 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 accounts on a going concern basis.

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.

On 15 February 2013, the company's ultimate parent changed its name from Capital Shopping Centres Group PLC to Intu Properties plc.

DIVIDENDS
The company did not declare a dividend in the year (2011 nil).

CAPITAL MANAGEMENT
The directors consider the capital of the company to be the ordinary share capital of £1,000 and funding received from the company's immediate parent company of £26,000. Management of this capital is performed at group level.

VCP (GP) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS
The Directors who held office during the year are given below:

Martin Ellis
David Fischel
Hugh Ford
Trevor Pereira
Matthew Roberts
Peter Weir

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.

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.

VCP (GP) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

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

Peter Weir

Peter Weir
Director
25 February 2013

VCP (GP) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VCP (GP) LIMITED

We have audited the financial statements of VCP (GP) Limited (Company number 4531121) for the year ended 31 December 2012 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. .

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with 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 statement 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.

VCP (GP) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
VCP (GP) 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

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 February 2013

VCP (GP) LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £000	2011 £000
Revenue	2	5	5
Operating profit	3	5	5
Profit before tax		5	5
Taxation	4	-	-
Profit for the year		5	5

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 presented.

VCP (GP) LIMITED

BALANCE SHEET
AT 31 DECEMBER 2012

	Notes	2012 £000	2011 £000
Non-current assets			
Investments	5	-	-
Current assets			
Trade and other receivables	6	26	21
Total assets		26	21
Net assets		26	21
Share capital	7	1	1
Retained earnings		25	20
Total equity		26	21

The notes on pages 9 to 14 form part of these financial statements.

The financial statements on pages 6 to 14 have been approved for issue by the Board of Directors on 25 February 2013 and were signed on its behalf by

Trevor Pereira
Director

Peter Weir

Peter Weir
Director

VCP (GP) 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	1	15	16
Profit for the year	-	5	5
Total comprehensive income for the year	-	5	5
At 31 December 2011	1	20	21
At 1 January 2012	1	20	21
Profit for the year	-	5	5
Total comprehensive income for the year	-	5	5
At 31 December 2012	1	25	26

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £000	2011 £000
Cash generated from operations	8	-	-
Cash flows from operating activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with 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 properties and certain other financial assets and liabilities. A summary of the accounting policies is set out below.

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

The company takes advantage of the exemption available under IAS 27 not to prepare consolidated financial statements. The financial statements of VCP (GP) Limited and its subsidiary undertakings are including in the consolidated financial statements of the ultimate parent company, Intu Properties plc.

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);

1. Principal accounting policies (continued)

- 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.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

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.

Investments
Investments in subsidiary undertakings and partnerships are carried at cost less accumulated impairment losses.

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 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.

1. Principal accounting policies (continued)

Taxation

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

2. Revenue

Revenue represents fees receivable by the General Partner from the Victoria Centre Partnership in accordance with clause 5 of the Limited Partnership Agreement dated 20 January 2003.

3. Operating profit

The operating profit of £5,000 (2011 £5,000) did not include any amounts in respect of auditors' remuneration or directors' remuneration (2011 £nil). 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, Intu Properties plc, and has not been recharged.

There were no employees during the year (2011 nil). The Directors did not receive any emoluments in respect of their services to the company (2011 nil).

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	5	5
Current United Kingdom corporation tax at 24.5% (2011 26.5%)	1	1
Effects of:		
Group relief	(1)	(1)
Tax expense	-	-

5. Investments

Investments represent:

(a) £100 interest in the Victoria Centre Partnership.

(b) 100% interest in two dormant subsidiary companies as set out below which were incorporated and registered in England and Wales in March 2003 to hold the freehold title to the Victoria Centre shopping centre:

VCP Nominees No.1 Limited £1 ordinary shares
VCP Nominees No.2 Limited £1 ordinary shares

6. Trade and other receivables

	2012 £000	2011 £000
Amounts owed by group undertakings	26	21

Amounts owed by group undertakings are unsecured, non-interest bearing and repayable on demand.

7. Share capital

	2012 £000	2011 £000
Issued, called up and fully paid		
1,000 ordinary shares of £1 each	1	1

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009.

Under saving provisions, the current maximum number of shares which may be issued by the company is 1,000 ordinary shares of £1 each.

8. Cash generated from operations

	2012 £000	2011 £000
Profit before tax	5	5
Remove:		
Change in trade and other receivables	(5)	(5)
Cash generated from operations	-	-

9. Related party transactions

During the year the company entered into the following transactions with other group companies:

	Nature of transaction	2012 £000	2011 £000
The Victoria Centre Partnership	Management fee receivable	5	5

Significant balance outstanding between the company and other group companies are shown below:

	Amounts owed by 2012 £000	2011 £000
Capital Shopping Centres PLC	26	21

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 Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

11. Financial risk management

The majority of the company's financial risk management is carried out by the Intu Properties plc's 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

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 £000	Fair value £000	2012 Gain/(loss) to income statement £000
Trade and other receivables	26	26	-
Total cash and receivables	**26**	**26**	**-**

	Carrying value £000	Fair value £000	2011 Gain/(loss) to income statement £000
Trade and other receivables	21	21	-
Total cash and receivables	21	21	-

VCP (GP) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Company number 4531121

VCP (GP) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors submit their report and the audited financial statements of the company for the year ended 31 December 2011.

VCP (GP) 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 as the General Partner of the Victoria Centre Partnership ("Limited Partnership"). The company is responsible for the management and control of the business of the Limited Partnership. The company in its role as General Partner can bind the Limited Partnership in contract. No further partner may be admitted to the Limited Partnership except with the consent of the company as General Partner. The constitution and governance of the Limited Partnership including the rights of the General Partner are determined by the Limited Partnership Agreement dated 20 January 2003 which replaced the original agreement dated 31 December 1991 and changes thereto.

BUSINESS REVIEW
The company's results and financial position for the year ended 31 December 2011 are set out in full in the income statement, the balance sheet and statement of changes in equity, the statement of cash fows and the notes to the financial statements.

Both the level of business during the year and the year end financial position were as expected. Profit before tax was £5,000 (2010 £5,000). Net assets at 31 December 2011 were £21,000 (2010 £16,000).

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 the company to be a going concern for the foreseeable future. As the company's ultimate parent company is Capital Shopping Centres Group 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.

DIVIDENDS
The company did not declare a dividend in the year (2010 nil).

CAPITAL MANAGEMENT
The directors consider the capital of the company to be the ordinary share capital of £1 and funding received from the Company's immediate parent company of £21m. Management of this capital is performed at group level.

VCP (GP) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS
The Directors who held office during the year are given below:

Kay Chaldecott	resigned 30 September 2011
Martin Ellis	
David Fischel	
Caroline Kirby	resigned 17 October 2011
Trevor Pereira	
Matthew Roberts	
Hugh Ford	appointed 3 November 2011
Peter Weir	appointed 3 November 2011

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, Capital Shopping Centres Group 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.

FINANCIAL RISK MANAGEMENT
Company's approach to financial risk management is explained in note 11 to the financial statements.

VCP (GP) LIMITED

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

Martin Ellis
Director
27 April 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VCP (GP) LIMITED

We have audited the financial statements of VCP (GP) Limited (Company number 4531121) for the year ended 31 December 2011 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its 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.

VCP (GP) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VCP (GP) 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

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 April 2012

VCP (GP) LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £000	2010 £000
Revenue	2	5	5
Operating profit	3	5	5
Profit before tax		5	5
Taxation	4	-	-
Profit for the year		5	5

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 presented.

VCP (GP) LIMITED

BALANCE SHEET
AT 31 DECEMBER 2011

	Notes	2011 £000	2010 £000
Non-current assets			
Investments	5	-	-
Current assets			
Trade and other receivables	6	21	16
Total assets		21	16
Net assets		21	16
Share capital	7	1	1
Retained earnings		20	15
		21	16

The notes on pages 9 to 14 form part of these financial statements.

The financial statements on pages 6 to 14 have been approved for issue by the Board of Directors on 27 April 2012 and were signed on its behalf by

Martin Ellis
Director

Peter Weir

Peter Weir
Director

VCP (GP) LIMITED

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2011

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2010	1	10	11
Profit for the year	-	5	5
Total comprehensive income for the year	-	5	5
At 31 December 2010	1	15	16
At 1 January 2011	1	15	16
Profit for the year	-	5	5
Total comprehensive income for the year	-	5	5
At 31 December 2011	1	20	21

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Cash generated from operations	8	-	-
Cash flows from operating activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with 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 accounts has been restated and represented under IFRS. This has resulted in presentational changes only and the profit for the year ended 31 December 2010 and total equity as at 1 January 2010 and 31 December 2010 are unaffected.

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

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

During 2011, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the Company's 31 December 2011 year end:

- IFRS 24 Related Party Disclosures;
- IFRS 32 Financial Instruments: Presentation (amendment);
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments; and
- Amendments arising from 2010 annual improvements project.

These either had no material impact on the financial statements or resulted in changes to presentation and disclosure only.

The following standard has been issued and adopted by the EU but is not effective for the year ended 31 December 2011 and has not been adopted early:

- IFRS 7 Financial Instruments: Disclosures (amendment)

1. Principal accounting policies (continued)

This pronouncement is 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;
- IFRS 11 Joint Arrangements;
- IFRS 13 Fair Value Measurement; and
- IAS 28 Investments in Associates and Joint Ventures.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

Revenue recognition
The group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group.

Investments
Investments in subsidiary undertakings and partnerships are carried at cost less accumulated impairment losses.

Investments 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 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.

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.

2. Revenue

Revenue represents fees receivable by the General Partner from the Victoria Centre Partnership in accordance with clause 5 of the Limited Partnership Agreement dated 20 January 2003.

3. Operating profit

The operating profit of £5,000 (2010 £5,000) did not include any fees in respect of auditors' remuneration or directors' remuneration (2010 £nil). No deduction is made for auditors' remuneration of £1,200 (2010 £1,000) which was settled on behalf of the company by the ultimate parent company, Capital Shopping Centres Group PLC, and has not been recharged.

There were no employees during the year (2010 nil). The Directors did not receive any emoluments in respect of their services to the company (2010: nil).

4. Taxation

The total taxation charge of £nil (2010 £nil) is all in respect of current taxation. The tax charge for the year is lower (2010 - lower) than the standard rate of corporation tax in the UK. The differences are explained below

	2011 £000	2010 £000
Profit before tax	5	5
Current United Kingdom corporation tax at 26.5% (2010 28%)	1	1
Effects of: Group relief	(1)	(1)
Taxation	-	-

5. Investments

Investments represent:

(a) £100 interest in the Victoria Centre Partnership.

(b) 100% interest in two dormant subsidiary companies as set out below which were incorporated and registered in England and Wales in March 2003 to hold the freehold title to the Victoria Centre shopping centre:

VCP Nominees No.1 Limited £1 ordinary shares
VCP Nominees No.2 Limited £1 ordinary shares

6. Trade and other receivables

	2011 £000	2010 £000
Amounts due from group undertakings	21	16

Amounts due from group undertakings are unsecured, non-interest bearing and repayable on demand.

7. Share capital

	2011 £000	2010 £000
Issued, called up and fully paid 1,000 ordinary shares of £1 each	1	1

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009.

Under saving provisions, the current maximum number of shares which may be issued by the company is 1,000 ordinary shares of £1 each.

8. Cash generated from operations

	2011 £000	2010 £000
Profit before tax	5	5
Remove:		
Increase in receivables	(5)	(5)
Cash generated from operations	-	-

9. Related party transactions

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

	Nature of transaction	2011 £000	2010 £000
The Victoria Centre Partnership	Management fee receivable	5	5

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

	Amounts owed to	
	2011 £000	2010 £000
Capital Shopping Centres PLC	21	16

10. Ultimate parent company

The ultimate parent company is Capital Shopping Centres Group PLC a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

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. 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

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 2011 and 31 December 2010.

	Carrying value £m	**Fair value £m**	**2011 Gain/(loss) to income statement £m**
Trade and other receivables	**21.0**	**21.0**	**-**
Total cash and receivables	**21.0**	**21.0**	**-**

	Carrying value £m	Fair value £m	2010 Gain/(loss) to income statement £m
Trade and other receivables	16.0	16.0	-
Total cash and receivables	16.0	16.0	-

THE VICTORIA CENTRE PARTNERSHIP

GENERAL PARTNER'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Registration number LP 4172

THE VICTORIA CENTRE PARTNERSHIP

GENERAL PARTNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

1. FORMATION AND PURPOSE

The Victoria Centre Partnership, ("the partnership"), was formed on 7 January 1992 and was registered in England and Wales as a limited partnership on 27 January 1992 under the Limited Partnerships Act 1907. The partnership was formed to acquire and hold as an investment the Victoria Centre Shopping Centre in Nottingham. The partnership's registered office is 40 Broadway, London, SW1H 0BU.

2. PRINCIPAL ACTIVITY AND BUSINESS REVIEW

In accordance with the Limited Partnership Agreement (LPA), the principal activity of the partnership is the ownership, management and development of the Victoria Centre Shopping Centre, Nottingham.

The partnership'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.

Net rental income was £17.5 million compared to £17.3 million for the previous year. The loss on revaluation of investment and development property was £25.5 million compared to a loss of £4.8 million in the prior year. As a result, the loss transferred to the partners' account was £17.1 million, compared with a loss of £6.0 million for the previous year. Partners funds at 31 December 2012 were £88.5 million, a decrease of £17.1 million from the 31 December 2011 figure of £105.6 million.

The General Partner's ultimate parent company is Intu Properties plc (formerly Capital Shopping Centres Group PLC) and the partnership 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.

On 15 February 2013, the General Partner's ultimate parent changed its name from Capital Shopping Centres PLC to Intu Properties plc.

3. INVESTMENT AND DEVELOPMENT PROPERTY

Details of the movements in investment and development property are set out in note 6 to the financial statements.

4. THE PARTNERS

The General Partner is VCP (GP) Limited, a wholly owned subsidiary of Capital Shopping Centres PLC. The Limited Partner is CSC Properties Investments Limited, also a wholly owned subsidiary of Capital Shopping Centres PLC. The partners and their respective percentage holdings are shown below:

VCP (GP) Limited	0.0001%
CSC Properties Investments Limited	99.9999%

5. CONSTITUTION AND GOVERNANCE

The partnership is bound by the Partnership Agreement, dated 20 January 2003.

THE VICTORIA CENTRE PARTNERSHIP

6. RIGHTS AND ENTITLEMENTS – GENERAL PARTNER

VCP (GP) Limited is responsible for the management, administration and operation of the business of the partnership. VCP (GP) Limited in its role as General Partner can bind the partnership in contract. No further partner may be admitted to the partnership except with the consent of VCP (GP) Limited as General Partner.

7. RIGHTS AND ENTITLEMENTS – LIMITED PARTNER

Distributions are made to the partners in their partnership proportions. Distributions from the income and expenditure account are made quarterly and, unless otherwise agreed between the partners, comprise the entire amount available for distribution, subject to certain limitations, as set out in section 6 of the Limited Partnership Agreement. For the year ended 31 December 2012, the partnership made a loss and therefore no amounts have been distributed.

8. STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law as applied to qualifying Partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has prepared the partnership financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law as applied to qualifying partnerships the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 partnership and group will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations. The General Partner is also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

9. FINANCIAL RISK MANAGEMENT

The partnership's approach to financial risk management is explained in note 15 to the financial statements.

THE VICTORIA CENTRE PARTNERSHIP

GENERAL PARTNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

10. CAPITAL MANAGEMENT

The General Partners consider the capital of the partnership to be the Partners' capital account of £35.3 million and the Partners' current account of £53.2 million. Management of this capital is performed at a group level.

11. INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors to the partnership. So far as the directors of the General Partner 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 have been provided with that information.

Peter Weir

Signed on behalf of
VCP (GP) Limited
25 February 2013

THE VICTORIA CENTRE PARTNERSHIP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE VICTORIA CENTRE PARTNERSHIP

We have audited the financial statements of The Victoria Centre Partnership (Registration number LP 4172) for the year ended 31 December 2012 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Partners and auditors

As explained more fully in the statement of General Partner's responsibilities on page 2, the General Partner is 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 Partners of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 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 qualifying partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Partners; 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 qualifying partnership's affairs as at 31 December 2012 and of its loss 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 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

THE VICTORIA CENTRE PARTNERSHIP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE VICTORIA CENTRE PARTNERSHIP

Matters on which we are required to report by exception

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

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

Alison Morris

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 February 2013

THE VICTORIA CENTRE PARTNERSHIP

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Revenue	2	25.2	24.3
Net rental income	2	17.5	17.3
Revaluation of investment and development property		(25.5)	(4.8)
Administration expenses		(1.1)	(1.7)
Operating (loss)/profit	3	(9.1)	10.8
Finance costs	4	(4.5)	(5.1)
Exceptional finance costs	5	-	(24.8)
Change in fair value of derivative financial instruments		(3.5)	13.1
Loss transferred to partners' current accounts		(17.1)	(6.0)

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 VICTORIA CENTRE PARTNERSHIP

BALANCE SHEET
AT 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Investment and development property	6	308.2	333.0
Trade and other receivables	7	1.8	1.9
		310.0	334.9
Current assets			
Trade and other receivables	7	36.7	34.8
Cash and cash equivalents		1.1	0.5
		37.8	35.3
Total assets		347.8	370.2
Current liabilities			
Borrowings	10	(7.0)	(7.2)
Trade and other payables	8	(7.8)	(9.5)
Derivative financial instruments		(0.4)	(0.1)
		(15.2)	(16.8)
Non-current liabilities			
Borrowings	10	(231.8)	(238.8)
Derivative financial instruments		(12.3)	(9.0)
		(244.1)	(247.8)
Total liabilities		(259.3)	(264.6)
Net assets		88.5	105.6
Partners' funds			
Partners' capital account		35.3	35.3
Partners' current account		53.2	70.3
Total funds		88.5	105.6

The notes on pages 10 to 23 form part of these financial statements.

The financial statements on pages 6 to 23 were approved by the General Partner, VCP (GP) Limited, on 25 February 2013 and are signed on its behalf by:

Trevor Pereira
Director
VCP (GP) Limited

Peter Weir

Peter Weir
Director
VCP (GP) Limited

THE VICTORIA CENTRE PARTNERSHIP

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Partners' capital account £m	Partners' current account £m	Partners' funds £m
At 1 January 2011	35.3	76.3	111.6
Loss for the year	-	(6.0)	(6.0)
Total comprehensive income for the year	-	(6.0)	(6.0)
At 31 December 2011	35.3	70.3	105.6
At 1 January 2012	35.3	70.3	105.6
Loss for the year	-	(17.1)	(17.1)
Total comprehensive income for the year	-	(17.1)	(17.1)
At 31 December 2012	35.3	53.2	88.5

THE VICTORIA CENTRE PARTNERSHIP

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Cash generated from operations	11	13.2	37.9
Interest paid		(4.6)	(5.1)
Cost of termination of derivatives		-	(24.8)
Cash flows from operating activities		8.6	8.0
Purchase and development of property		(0.7)	(2.5)
Cash flows from investing activities		(0.7)	(2.5)
Borrowings repaid		(7.3)	(5.5)
Cash flows from financing activities		(7.3)	(5.5)
Net increase in cash and cash equivalents		0.6	-
Cash and cash equivalents at 1 January		0.5	0.5
Cash and cash equivalents at 31 December		1.1	0.5

THE VICTORIA CENTRE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. Principal accounting policies

Basis of preparation
These financial statements have been prepared in accordance with the Limited Partnership Agreement and 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 properties and certain other financial assets and liabilities in accordance with The Partnerships and Unlimited Companies (Accounts) Regulations 1993. The principal provisions of the Limited Partnership Agreement are set out in the General Partner's report on pages 1 to 3 of the financial statements.

In assessing whether the going concern basis of preparation is appropriate to adopt, the General Partner considered a number of factors including financial projections of the partnership and the level of financial support that may be made available to the partnership by its ultimate parent, Intu Properties plc. Based on this review the General Partner has concluded that there is a reasonable expectation that the partnership will have sufficient resources to continue in operational existence for the foreseeable future and have therefore prepared the accounts 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 partnership'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).

1. **Principal accounting policies (continued)**

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.

The impact of these on the partnership is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

Revenue recognition
The partnership recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the partnership.

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
No provision for tax is made in these financial statements as a limited partnership is not a taxable entity. Partners are instead taxed on their share of the profits of a limited partnership, according to their own circumstances.

1. **Principal accounting policies (continued)**

Investment and development property
Investment and development property is owned or leased by the partnership and held for long-term rental income and capital appreciation.

The partnership has elected to use the fair value model. Properties are 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 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.

Properties held under leases are stated gross of the recognised finance lease liability. The cost of investment and development property includes capitalised interest and other directly attributable outgoings incurred during development. Interest is capitalised on the basis of the average rate of interest paid on the relevant debt outstanding. Interest ceases to be capitalised on the date of practical completion.

Gains or losses arising from changes in the fair value of investment and development property are recognised in the income statement.

Depreciation is not provided in respect of investment and development 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.

Derivative financial instruments
The partnership 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 partnership 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.

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

1. Principal accounting policies (continued)

Impairment of assets

The partnership'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 General Partner exercises judgement as to the collectability of the trade receivables and determines 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.

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.

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 partnership'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 partnership's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

THE VICTORIA CENTRE PARTNERSHIP

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 the partnership carries on only one class of business.

	2012 £m	2011 £m
Rent receivable	21.7	20.5
Service charge income	3.5	3.8
	25.2	24.3
Service charge costs	(4.1)	(4.4)
Other non-recoverable costs	(3.6)	(2.6)
Net rental income	17.5	17.3

3. Operating (loss)/profit

Operating loss for the year ended 31 December 2012 of £9.1 million (2011 profit £10.8 million) did not include any amounts in respect of auditors' remuneration or directors' remuneration (2011 £nil). No deduction is made for the auditors' remuneration of £3,300 (2011 £3,300), which was settled on behalf of the partnership by its ultimate parent company Intu Properties plc (formerly Capital Shopping Centres Group PLC) and has not been recharged.

There were no employees during the year (2011 nil).

4. Finance costs

	2012 £m	2011 £m
On bank loans and overdrafts	4.5	5.1

5. Exceptional finance costs

	2012 £m	2011 £m
Cost on termination of derivative financial instruments	-	24.8

6. Investment and development property

Freehold	2012 £m	2011 £m
At 1 January	333.0	335.3
Additions	0.7	2.5
Deficit on revaluation	(25.5)	(4.8)
At 31 December	308.2	333.0
Amounts shown in prepayments and accrued income in respect of lease incentives	2.2	2.2
Market value	310.4	335.2

The fair value of the partnership's investment property as at 31 December 2012 was determined by independent external valuers, DTZ, 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.

Freehold investment property principally represents a 100% interest in Victoria Centre, Nottingham.

7. Trade and other receivables

	2012 £m	2011 £m
Current		
Rents receivable	0.3	0.6
Amounts owed by group undertakings	35.2	33.2
Prepayments and accrued income	1.2	0.9
Other receivables	-	0.1
	36.7	34.8
Non-current		
Prepayments and accrued income	1.8	1.9

Included within prepayments and accrued income are tenant lease incentives of £2.2 million (2011 £2.2 million).

Amounts owed by group undertakings are unsecured, non-interest bearing and repayable on demand.

8. Trade and other payables

	2012 £m	2011 £m
Rents in advance	3.7	4.0
Accruals and deferred income	1.8	3.2
Other payables	1.5	1.4
Other tax and social security	0.8	0.9
	7.8	9.5

9. Operating leases

The partnership 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 partnership.

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

	2012 £m	2011 £m
Not later than one year	14.5	15.3
Later than one year and not later than five years	38.8	54.0
Later than five years	68.3	125.3
	121.6	194.6

10. Borrowings

	2012 £m	2011 £m
Current		
Bank loan	7.0	7.2
Non-current		
Bank loan	231.8	238.8

In June 2003 the General Partner entered into a 10 year £210 million loan facility on behalf of the partnership, secured on the Victoria Centre, and this was extended in February 2006 to £300 million maturing in February 2016. At 31 December 2012 the amount drawn was £238.8 million (2011 £246.0 million) of which £7.0 million is due within one year (2011 £7.2 million). At 31 December 2012 unamortised issue costs were £0.3 million (2011 £0.3 million), which continue to be amortised over the life of the facility.

THE VICTORIA CENTRE PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

11. Cash generated from operations

	2012 £m	2011 £m
Loss transferred to partners' current account	(17.1)	(6.0)
Remove:		
Finance costs	4.5	5.1
Other finance costs	-	24.8
Lease incentives and letting costs	(0.1)	-
Revaluation of investment property	25.5	4.8
Change in fair value of derivative financial instruments	3.5	(13.1)
Changes in working capital:		
Change in trade and other receivables	(1.8)	22.8
Change in trade and other payables	(1.3)	(0.5)
Cash generated from operations	13.2	37.9

12. Related party transactions

During the year the partnership entered into the following transactions with other Group companies:

	Nature of transaction	2012 £000	2011 £000
VCP (GP) Limited	Management fee payable	5	5

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

	Amounts owed from 2012 £m	2011 £m
CSC Properties Investments Limited	35.2	33.2

13. Ultimate parent company

The ultimate parent company of both VCP (GP) Limited, the General Partner, and CSC Properties Investments Limited, the Limited Partner, is Intu Properties plc (formerly Capital Shopping Centres Group PLC), a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London SW1H 0BT. The immediate parent, Capital Shopping Centres PLC, is also incorporated and registered in England and Wales and copies of its financial statements may be obtained as above.

14. Capital commitments

At 31 December 2012, the Board had approved £0.3 million (2011 – £1.4million) of future expenditure for the purchase, construction, development and enhancement of investment property. Of this none (2011 – £0.2 million) is contractually committed. All of the £0.3 million is expected to be spent in 2013.

15. Financial risk management

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

The majority of the partnership's financial risk management is carried out by the Intu Properties plc's 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.

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 partnership's interest rate risk arises from borrowings issued at variable rates that expose the partnership to cash flow interest rate risk, whereas borrowings issued at fixed interest rates expose the partnership 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.

15. Financial risk management (continued)

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 partnership 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 borrowings profile of the partnership:

	Fixed 2012 £m	Floating 2012 £m	Fixed 2011 £m	Floating 2011 £m
Borrowings	-	238.8	-	246.4
Derivative impact	200.0	(200.0)	200.0	(200.0)
Net borrowings profile	200.0	38.8	200.0	46.4
Interest rate protection on floating debt		83.8%		81.2%

The weighted average rate of interest rates contracted through interest rates swaps is 2.0 per cent (2011 2.0 per cent).

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £3.0 million (2011 £4.0 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 £3.1 million (2011 £4.1 million) in the fair value of derivatives. Movements in the fair value of derivatives are dealt within the income statement. 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 partnership cash flow of such a movement would be very small.

15. Financial risk management (continued)

Liquidity risk

Liquidity risk is managed to ensure that the partnership 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 partnership'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 £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(9.8)	(9.6)	(229.0)	-	(248.4)
Other financial liabilities	(3.3)	-	-	-	(3.3)
Derivatives payments	(4.7)	(5.5)	(6.9)	-	(17.1)
Derivative receipts	1.1	1.2	1.9	-	4.2
	(16.7)	(13.9)	(234.0)	-	(264.6)

					2011
	Within 1 year £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Borrowings (including interest)	(11.4)	(11.0)	(241.8)	-	(264.2)
Other financial liabilities	(3.4)	-	-	-	(3.4)
Derivatives payments	(2.5)	(4.7)	(12.4)	-	(19.6)
Derivative receipts	2.2	2.1	5.9	-	10.2
	(15.1)	(13.6)	(248.3)	-	(277.0)

15. 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 partnership'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 £0.1 million (2011 £0.1 million).

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

The ageing analysis of these trade receivables is as follows:

	2012 £m	2011 £m
Up to three months	0.2	0.3
Three to six months	0.1	0.3
Trade receivables	0.3	0.6

At 31 December 2012 trade receivables are shown net of provision totalling £0.2 million (2011 £0.1 million).

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

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

15. Financial risk management (continued)

Classification of financial assets and liabilities

The table below sets out the partnership'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	35.5	35.5	-
Cash and cash equivalents	1.1	1.1	-
Total cash and receivables	36.6	36.6	-
Derivative financial instruments	(12.7)	(12.7)	(3.5)
Total held for trading liabilities	(12.7)	(12.7)	(3.5)
Trade and other payables	(3.3)	(3.3)	-
Borrowings	(237.8)	(237.8)	-
Total loans and payables	(241.1)	(241.1)	-

2011	Carrying value £m	Fair value £m	Gain/(loss) to income statement £m
Trade and other receivables	33.9	33.9	-
Cash and cash equivalents	0.5	0.5	-
Total cash and receivables	34.4	34.4	-
Derivative financial instruments	(9.1)	(9.1)	13.1
Total held for trading liabilities	(9.1)	(9.1)	13.1
Trade and other payables	(3.4)	(3.4)	-
Borrowings	(246.0)	(246.0)	-
Total loans and payables	(249.4)	(249.4	-

15. Financial risk management (continued)

The only financial assets and liabilities of the partnership 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.

16. Statement of net assets value and income and expenditure account

Clause 9.1 of the Limited Partnership Agreement requires the presentation of a statement of net asset value, a statement of the income and expenditure account and a summary of the movement in the income and expenditure account. The balance sheet is measured at fair value where applicable, therefore no separate net asset value statement has been included. The income statement and the statement of the income and expenditure account include the same items and therefore separate statements have not been disclosed.

THE VICTORIA CENTRE PARTNERSHIP

GENERAL PARTNER'S REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Registration number LP 4172

THE VICTORIA CENTRE PARTNERSHIP

GENERAL PARTNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

1. FORMATION AND PURPOSE

The Victoria Centre Partnership, ("the partnership"), was formed on 7 January 1992 and was registered in England and Wales as a limited partnership on 27 January 1992 under the Limited Partnerships Act 1907. The partnership was formed to acquire and hold as an investment the Victoria Centre Shopping Centre in Nottingham. The Partnership's registered office is 40 Broadway, London, SW1H 0BU.

2. PRINCIPAL ACTIVITY AND BUSINESS REVIEW

In accordance with the Limited Partnership Agreement (LPA), the principal activity of the Partnership is the ownership, management and development of the Victoria Centre Shopping Centre, Nottingham.

The Partnership's results and financial position for the year ended 31 December 2011 are set out in full in the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

Net rental income was £17.3 million compared to £18.8 million for the previous year as a result of a tenant relocation. Exceptional finance costs of £24.8m were incurred on termination of derivative financial instruments. The loss on revaluation of investment and development property was £4.8m compared to a gain of £21.8m in the prior year. As a result, the loss transferred to the partners' account was £6.0 million, compared with a profit of £19.1 million for the previous year. Net assets at 31 December 2011 were £105.6 million, a decrease of £6.0 million from the 31 December 2010 figure of £111.6 million.

The General Partner's ultimate parent company is Capital Shopping Centres Group PLC and the Partnership 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.

3. INVESTMENT AND DEVELOPMENT PROPERTY

Details of the movements in investment and development property are set out in note 6 to the financial statements.

4. THE PARTNERS

The General Partner is VCP (GP) Limited, a wholly owned subsidiary of Capital Shopping Centres PLC. The Limited Partner is CSC Properties Investments Limited, also a wholly owned subsidiary of Capital Shopping Centres PLC. The partners and their respective percentage holdings are shown below:

VCP (GP) Limited	0.0001%
CSC Properties Investments Limited	99.9999%

5. CONSTITUTION AND GOVERNANCE

The Partnership is bound by the Partnership Agreement, dated 20 January 2003.

6. RIGHTS AND ENTITLEMENTS – GENERAL PARTNER

VCP (GP) Limited is responsible for the management, administration and operation of the business of the partnership. VCP (GP) Limited in its role as General Partner can bind the partnership in contract. No further partner may be admitted to the partnership except with the consent of VCP (GP) Limited as General Partner.

7. RIGHTS AND ENTITLEMENTS – LIMITED PARTNER

Distributions are made to the partners in their partnership proportions. Distributions from the income and expenditure account are made quarterly and, unless otherwise agreed between the partners, comprise the entire amount available for distribution, subject to certain limitations, as set out in section 6 of the Limited Partnership Agreement. For the year ended 31 December 2011, the Partnership made a loss and therefore no amounts have been distributed.

8. STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law as applied to qualifying Partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has prepared the Partnership financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law as applied to qualifying Partnerships the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 Partnership and group will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying Partnerships by the Regulations. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

9. FINANCIAL RISK MANAGEMENT

The Partnership's approach to financial risk management is explained in note 15 to the financial statements.

10. CAPITAL MANAGEMENT

The General Partners consider the capital of the Partnership to be the Partners' capital account of £35.5m and the Partners' current account of £70.3m. Management of this capital is performed at a group level.

THE VICTORIA CENTRE PARTNERSHIP

GENERAL PARTNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

11. INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors to the Partnership. So far as the directors of the General Partner 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 have been provided with that information.

Signed on behalf of
VCP (GP) Limited
27 April 2012

THE VICTORIA CENTRE PARTNERSHIP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE VICTORIA CENTRE PARTNERSHIP

We have audited the financial statements of The Victoria Centre Partnership (Registration number LP 4172) for the year ended 31 December 2011 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Partners and auditors

As explained more fully in the statement of General Partner's responsibilities on page 3, the General Partner is 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 Partners of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 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 qualifying partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Partners; 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 qualifying partnership's affairs as at 31 December 2011 and of its loss 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 as applied to qualifying Partnerships by The Partnerships (Accounts) Regulations 2008.

THE VICTORIA CENTRE PARTNERSHIP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE VICTORIA CENTRE PARTNERSHIP

Matters on which we are required to report by exception

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

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

Alison Morris

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 April 2012

THE VICTORIA CENTRE PARTNERSHIP

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £m	Represented 2010 £m
Revenue	2	24.3	25.6
Net rental income	2	17.3	18.8
Revaluation of investment and development property		(4.8)	21.8
Administration expenses		(1.7)	(1.6)
Operating profit	3	10.8	39.0
Finance costs	4	(5.1)	(11.5)
Exceptional finance costs	5	(24.8)	-
Change in fair value of derivative financial instruments		13.1	(8.4)
(Loss)/profit transferred to partners' current accounts		(6.0)	19.1

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 VICTORIA CENTRE PARTNERSHIP

BALANCE SHEET
AT 31 DECEMBER 2011

	Notes	2011 £m	Represented 2010 £m
Non-current assets			
Investment and development property	6	333.0	335.3
Trade and other receivables	7	1.9	1.4
		334.9	336.7
Current assets			
Trade and other receivables	7	34.8	57.0
Cash and cash equivalents		0.5	0.5
		35.3	57.5
Total assets		370.2	394.2
Current liabilities			
Borrowings		(7.2)	(5.5)
Trade and other payables	8	(9.5)	(7.5)
Derivative financial instruments		(0.1)	(1.4)
		(16.8)	(14.4)
Non-current liabilities			
Borrowings	10	(238.8)	(246.0)
Derivative financial instruments		(9.0)	(22.2)
		(247.8)	(268.2)
Total liabilities		(264.6)	(282.6)
Net assets		105.6	111.6
Partners' funds			
Partners' capital account		35.3	35.3
Partners' current account		70.3	76.3
		105.6	111.6

The notes on pages 11 to 27 form part of these accounts.

The accounts on pages 7 to 27 were approved by the General Partner, VCP (GP) Limited, on 27 April 2012 and are signed on its behalf by:

Peter Weir

Peter Weir
Director
VCP (GP) Limited

Martin Ellis
Director
VCP (GP) Limited

THE VICTORIA CENTRE PARTNERSHIP

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2011

	Partners' capital account £000	Partners' current account £000	Partners' funds £000
At 1 January 2010 (represented)	35.3	57.2	92.5
Profit for the year (represented)	-	19.1	19.1
Total comprehensive income for the year	-	19.1	19.1
At 31 December 2010 (represented)	35.3	76.3	111.6
At 1 January 2011	35.3	76.3	111.6
Loss for the year	-	(6.0)	(6.0)
Total comprehensive income for the year	-	(6.0)	(6.0)
At 31 December 2011	35.3	70.3	105.6

THE VICTORIA CENTRE PARTNERSHIP

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Cash generated from operations	11	37.9	42.5
Interest paid		(5.1)	(11.5)
Cost of termination of derivatives		(24.8)	-
Cash flows from operating activities		8.0	31.0
Purchase and development of property		(2.5)	(0.3)
Cash flows from investing activities		(2.5)	(0.3)
Borrowings repaid		(5.5)	(47.9)
Cash flows from financing activities		(5.5)	(47.9)
Net decrease in cash and cash equivalents		-	(17.2)
Cash and cash equivalents at beginning of the year		0.5	17.7
Cash and cash equivalents at 31 December		0.5	0.5

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies

Basis of preparation
These financial statements have been prepared in accordance with the Limited Partnership Agreement and International Financial Reporting Standards, as adopted by the European Union (IFRS) and IFRIC interpretations. These are the Partnership's first financial statements to be prepared under IFRS and IFRS 1 (First-time adoption of International Financial Reporting Standards) has been applied.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of properties and derivative financial instruments in accordance with The Partnerships and Unlimited Companies (Accounts) Regulations 1993. The principal provisions of the Limited Partnership Agreement are set out in the General Partner's report on pages 1 to 3 of the accounts.

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

Based on financial projections the General Partner has concluded that there is a reasonable expectation that the Partnership will have sufficient resources to continue in operational existence for the foreseeable future and have therefore prepared the accounts 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.

During 2011, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the Company's 31 December 2011 year end:

- IFRS 24 Related Party Disclosures;
- IFRS 32 Financial Instruments: Presentation (amendment);
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments; and
- Amendments arising from 2010 annual improvements project.

1. Principal accounting policies (continued)

These either had no material impact on the financial statements or resulted in changes to presentation and disclosure only.

The following standard has been issued and adopted by the EU but is not effective for the year ended 31 December 2011 and has not been adopted early:

- IFRS 7 Financial Instruments: Disclosures (amendment)

This pronouncement is 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;
- IFRS 11 Joint Arrangements;
- IFRS 13 Fair Value Measurement; and
- IAS 28 Investments in Associates and Joint Ventures.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

Revenue
The Partnership recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Partnership.

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.

THE VICTORIA CENTRE PARTNERSHIP

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies (continued)

Taxation
No provision for tax is made in these accounts as a limited partnership is not a taxable entity. Partners are instead taxed on their share of the profits of a limited partnership, according to their own circumstances.

Investment and development property
Investment and development property is owned or leased by the Group and held for long-term rental income and capital appreciation.

The Group has elected to use the fair value model. Properties are 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 7th Edition and IVS1 of International Valuation Standards.

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

Properties held under leases are stated gross of the recognised finance lease liability. The cost of investment and development property includes capitalised interest and other directly attributable outgoings incurred during development. Interest is capitalised on the basis of the average rate of interest paid on the relevant debt outstanding. Interest ceases to be capitalised on the date of practical completion.

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

When the use of a property changes from that of investment to trading, the property's deemed cost for subsequent accounting in accordance with IAS 2 Inventories is its fair value at the date of change in use.

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.

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

Changes in fair value are recognised directly in the income statement, except for the effective portion of gains or losses on derivative financial instruments designated as a hedge of net investment in foreign operations, in which case they are recognised in other comprehensive income. Where derivate financial instruments are designated as a fair value hedge, the relevant fair value movements on the hedged item are also taken to the income statement.

1. Principal accounting policies (continued)

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.

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

Impairment of assets
The Partnership'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 General Partner exercises judgement as to the collectability of the trade receivables and determines 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.

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.

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 Partnership's operating cycle. All other assets are classified as non-current assets.

THE VICTORIA CENTRE PARTNERSHIP

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies (continued)

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

2. Revenue and net rental income

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

	2011 £m	Represented 2010 £m
Rent receivable	20.5	21.9
Service charge income	3.8	3.7
	24.3	25.6
Service charge costs	(4.4)	(4.3)
Other non-recoverable costs	(2.6)	(2.5)
Net rental income	17.3	18.8

3. Operating profit

Operating profit for the year ended 31 December 2011 of £10.8 million (2010 profit £39.0 million) did not include any fees in respect of auditors' remuneration or directors' remuneration (2010 £nil). No deduction is made for the auditors' remuneration of £3,300 (2010 £2,900), which was settled on behalf of the Partnership by its ultimate parent company Capital Shopping Centres Group PLC and has not been recharged.

There were no employees during the year (2010 nil).

4. Finance costs

	2011 £m	2010 £m
On bank loans and overdrafts	5.1	11.5

5. Exceptional finance costs

	2011 £m	2010 £m
Cost on termination of derivative financial instruments	24.8	-

6. Investment and development property

Freehold	2011 £m	Represented 2010 £m
At 1 January	335.3	313.2
Additions	2.5	0.3
(Deficit)/surplus on revaluation	(4.8)	21.8
At 31 December	333.0	335.3
Amounts shown in prepayments and accrued income in respect of lease incentives	2.2	2.0
Market value	335.2	337.3

The fair value of the partnership's investment property as at 31 December 2011 was determined by independent external valuers, DTZ, at that date. The valuation conforms with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 7th edition and with IVS1 of International Valuation Standards, and was arrived at by reference to market transactions for similar properties.

Freehold investment property represents a 100% interest in Victoria Centre, Nottingham.

THE VICTORIA CENTRE PARTNERSHIP

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

7. Trade and other receivables

	2011 £m	Represented 2010 £m
Current		
Rents receivable	0.6	1.6
Amounts owed by group undertakings	33.2	54.8
Prepayments and accrued income	0.9	0.6
Other receivables	0.1	-
	34.8	57.0
Non-current		
Prepayments and accrued income	1.9	1.4

Included within prepayments and accrued income are tenant lease incentives of £2.2 million (2010 £2.0 million).

8. Trade and other payables

	2011 £m	2010 £m
Rents in advance	4.0	4.3
Other tax and social security	0.9	0.9
Other payables	1.4	0.4
Accruals and deferred income	3.2	1.9
	9.5	7.5

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

9. Operating leases

The Partnership 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 Partnership.

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

	2011 £m	2010 £m
Not later than one year	15.3	19.6
Later than one year and not later than five years	54.0	62.0
Later than five years	125.3	140.1
	194.6	221.7

10. Non-current liabilities

	2011 £m	2010 £m
Bank loan	238.8	246.0

In June 2003 the General Partner entered into a 10 year £210m loan facility on behalf of the partnership, secured on the Victoria Centre, and this was extended in February 2006 to £300m maturing in February 2016. At 31 December 2011 the amount drawn was £246.0m (2010 £251.5m) of which £7.2m is due within one year (2010 £5.5m). At 31 December 2011 unamortised issue costs were £0.3m (2010 £0.5), which continue to be amortised over the life of the facility.

11. Cash generated from operations

	2011 £m	Represented 2010 £m
(Loss)/profit transferred to partners' current account	(6.0)	19.1
Remove:		
Finance costs	5.1	11.5
Other finance costs	24.8	-
Revaluation of investment property	4.8	(21.8)
Change in fair value of derivative financial instruments	(13.1)	8.3
Changes in working capital:		
Change in trade and other receivables	22.8	25.4
Change in trade and other payables	(0.5)	-
Cash generated from operations	37.9	42.5

12. Related party transactions

During the year the Partnership entered into the following transactions with other Group companies:

	Nature of transaction	2011 £'000	2010 £'000
VCP (GP) Limited	Management fee payable	5	5

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

	Amounts due from 2011 £m	2010 £m
CSC Property Investment Limited	33.2	54.8

13. Ultimate parent company

The ultimate parent company of both VCP (GP) Limited, the General Partner, and CSC Properties Investments Limited, the Limited Partner, is Capital Shopping Centres Group PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London SW1H 0BT. The immediate parent, Capital Shopping Centres PLC, is also incorporated and registered in England and Wales and copies of its financial statements may be obtained as above.

14. Capital commitments

At 31 December 2011, the Partnership was contractually committed to £1.4 million (2010 - £1.8) of future expenditure for the purchase, construction and enhancement of investment property. All of the £1.4m is expected to be spent in 2012.

15. Financial risk management

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

The majority of the Partnership'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.

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 Partnership's interest rate risk arises from borrowings issued at variable rates that expose the Partnership to cash flow interest rate risk, whereas borrowings issued at fixed interest rates expose the Partnership 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.

15. Financial risk management (continued)

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 Partnership 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 borrowings profile of the Partnership:

	Fixed 2011 £m	Floating 2011 £m	Fixed 2010 £m	Floating 2010 £m
Borrowings	-	238.8	-	246.0
Derivative impact	200.0	(200.0)	200.0	(200.0)
Net borrowings profile	200.0	38.8	200.0	46.0
Interest rate protection on floating debt		83.8%		81.3%

The weighted average rate of interest rates contracted through interest rates swaps is 2.0 per cent (2010 4.7 per cent).

The approximate impact of a 50 basis point shift upwards in the level of interest rates would be a positive movement of £4.0 million (2010 £4.9 million) in the fair value of derivatives. The approximate impact of a 50 basis point shift downwards in the level of interest rates would be a negative movement of £4.1 million (2010 £5.0 million) in the fair value of derivatives. Movements in the fair value of derivatives are dealt within the income statement. In practice, a parallel shift in the yield curve is highly unlikely. However, the above sensitivity analysis is a reasonable illustration of the possible effect from the changes in slope and shifts in the yield curve that may actually occur. Because the fixed rate derivative financial instruments are matched by floating rate debt, the overall effect on Partnership cash flow of such a movement would be very small.

Liquidity risk

Liquidity risk is managed to ensure that the Partnership 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.

15. Financial risk management (continued)

The tables below set out the maturity analysis of the Partnership'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.

	Within 1 year £m	1-2 years £m	3-5 years £m	over 5 years £m	2011 Total £m
Borrowings (including interest)	**(11.4)**	**(11.0)**	**(241.8)**	**-**	**(264.2)**
Tax and other payables	**(2.3)**	**-**	**-**	**-**	**(2.3)**
Derivatives payments	**(2.5)**	**(4.7)**	**(12.4)**	**-**	**(19.6)**
Derivative receipts	**2.2**	**2.1**	**5.9**	**-**	**10.2**
	(14.0)	**(13.6)**	**(248.3)**	**-**	**(275.9)**

	Within 1 year £000	1-2 years £000	3-5 years £000	over 5 years £000	2010 Total £000
Borrowings (including interest)	(9.4)	(11.9)	(51.4)	(216.2)	(288.9)
Tax and other payables	(1.4)	-	-	-	(1.4)
Derivatives payments	(9.4)	(9.5)	(28.3)	(2.4)	(49.6)
Derivative receipts	1.8	2.5	19.1	2.0	25.4
	(18.4)	(18.9)	(60.6)	(216.6)	(314.5)

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 Partnership'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.

15. Financial risk management (continued)

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 2011 is £0.1 million (2010 £0.2 million).

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

The ageing analysis of these trade receivables is as follows:

	2011 £m	2010 £m
Up to three months	0.3	0.9
Three to six months	0.3	0.7
Trade receivables	0.6	1.6

At 31 December 2011 trade receivables are shown net of provision totalling £0.1 million (2010 £0.1 million).

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

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

Classification of financial assets and liabilities

The table below sets out the Partnership's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2011 and 31 December 2010. 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.

THE VICTORIA CENTRE PARTNERSHIP

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

15. Financial risk management (continued)

	Carrying value £m	Fair value £m	2011 Gain/(loss) to income statement £m
Trade and other receivables	36.7	36.7	-
Cash and cash equivalents	0.5	0.5	-
Total cash and receivables	**37.2**	**37.2**	-
Borrowings	(7.2)	(7.2)	-
Derivative financial instruments	(9.1)	(9.1)	13.1
Total held for trading liabilities	**(16.3)**	**(16.3)**	**13.1**
Trade and other payables	(9.5)	(9.5)	-
Borrowings	(238.8)	(238.8)	-
Total loans and payables	**(264.6)**	**(264.6)**	-

	Carrying value £m	Fair value £m	2010 Gain/(loss) to income statement £m
Trade and other receivables	58.4	58.4	-
Cash and cash equivalents	0.5	0.5	-
Total cash and receivables	58.9	58.9	-
Borrowings	(5.5)	(5.5)	-
Derivative financial instruments	(23.6)	(23.6)	(8.3)
Total held for trading liabilities	(29.1)	(29.1)	(8.3)
Trade and other payables	(7.5)	(7.5)	-
Borrowings	(246.0)	(246.0)	-
Total loans and payables	(282.6)	(282.6)	-

The only financial assets and liabilities of the Partnership 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.

15. 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.

16. Statement of net assets value and income and expenditure account

Clause 9.1 of the Limited Partnership Agreement requires the presentation of a statement of net asset value, a statement of the income and expenditure account and a summary of the movement in the income and expenditure account. The balance sheet is measured at fair value where applicable, therefore no separate net asset value statement has been included. The income statement and the statement of the income and expenditure account include the same items and therefore separate statements have not been disclosed.

17. Conversion to International Financial Reporting Standards

Following the Partnership's adoption of IFRS, the 2010 comparative information in these financial statements has been restated and represented under IFRS. Set out below are reconciliations of the loss for the year ended 31 December 2010 from UKGAAP to IFRS and for total equity under UKGAAP at 1 January 2010 and 31 December 2010 to total equity under IFRS. Additionally the balance sheet as at 1 January 2010 is presented under IFRS. More detailed explanations of the key adjustments are set out below these tables.

Reconciliation of profit for the year from UKGAAP to IFRS

	Notes	Year ended 31 December 2010 £000
Profit for the year (UKGAAP)		6.0
Lease incentives	a	(0.3)
Revaluation of investment property	c	21.8
Derivative financial instruments	d	(8.4)
Profit for the year (IFRS)		19.1

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

17. Conversion to International Financial Reporting Standards (continued)

Reconciliation of total equity from UKGAAP to IFRS

	Notes	31 December 2010 £m	1 January 2010 £m
Total equity (UKGAAP)		133.9	106.1
New letting costs	b	0.3	0.3
Derivative financial instruments	d	(22.6)	(13.9)
Total equity (IFRS)		111.6	92.5

Balance sheet at 1 January 2010 under IFRS

	1 January 2010 £m
Non-current assets	
Investment property	313.2
Current assets	
Trade and other receivables	83.6
Cash and cash equivalents	17.7
	101.3
Total assets	414.5
Current liabilities	
Borrowings	(0.1)
Trade and other payables	(7.3)
Derivative financial instruments	(15.2)
	(22.6)
Non-current liabilities	
Borrowings	(299.4)
Total liabilities	(322.0)
Net assets	92.5
Partners' funds	
Partners' capital account	35.3
Partners' current account	57.2
Total partners' funds	92.5

THE VICTORIA CENTRE PARTNERSHIP

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

17. 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. Revenue and profits for the year ended 31 December 2010 are debited by £0.3m.

b) New letting costs
Under UKGAAP the Partnership's policy was to expense costs directly incurred in negotiating and arranging leases. Under IFRS (IAS 17 Leases) it is required to recognise these as an expense over the lease term on the same basis as lease income. As a result a balance sheet asset of £0.3m is recognised on conversion.

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

d) Derivative financial instruments
Under UKGAAP the Partnership does not recognise derivative financial instruments at fair value in the balance sheet instead only accounting for payments through the income statement as they accrue. Under IFRS (IAS 39 Financial Instruments: Recognition and Measurement) derivative financial instruments are recognised in the balance sheet at their fair value with fair value gains and losses being recognised in the income statement. As a result the result for the year ended 31 December 2010 is debited by £8.4m and total equity at 31 December 2010 decreased by £22.6m being the net of the fair value of the derivative financial instrument recognised under IFRS and the accrued payments recognised under UKGAAP.

VCP NOMINEES NO.1 LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Company number 4707162

VCP NOMINEES NO.1 LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors submit their report and financial statements of the company for the year ended 31 December 2012.

Company number: 4707162

PRINCIPAL ACTIVITIES
The company is currently dormant.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS
The directors do not expect the company's state of affairs to change in the foreseeable future.

DIRECTORS IN THE YEAR
Martin Ellis
David Fischel
Hugh Ford
Trevor Pereira
Matthew Roberts
Peter Weir

AUDITORS
The company is exempt under section 480 of the Companies Act 2006 from the provisions of part 16 of this Act relating to the audit of financial statements.

Peter Weir

Peter Weir
Director
25 February 2013

VCP NOMINEES NO.1 LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

There are no items of income and expense and accordingly neither an income statement nor a statement of comprehensive income have been prepared.

VCP NOMINEES NO.1 LIMITED

BALANCE SHEET
AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
Current assets			
Trade and other receivables		1	1
Equity			
Share capital	2	1	1
Total equity		1	1

For the year ending 31 December 2012, the company was entitled to exemption from audit under section 480 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The notes on pages 6 to 7 form part of these financial statements.

Approved by the Board on 25 February 2013.

Peter Weir

Peter Weir
Director

VCP NOMINEES NO.1 LIMITED

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2012

	Share capital £
At 1 January 2011	1
Total comprehensive income for the year	-
At 31 December 2011	1
At 1 January 2012	1
Total comprehensive income for the year	-
At 31 December 2012	1

VCP NOMINEES NO.1 LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
Cash generated from operations	-	-
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents		
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

VCP NOMINEES NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with 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 properties and derivative financial instruments. A summary of the accounting policies is set out below.

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

The standards, amendments and interpretations endorsed by the EU which are effective for the first time for the company's 31 December 2012 year end, did not have any impact on the presentation or disclosure of the financial statements of the company.

Standards issued and adopted by the EU, but not effective for the year ended 31 December 2012 and not adopted early, are not expected to have an impact on the presentation or disclosure of the financial statements of the company.

Additionally, a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. These are not expected to have any impact on the presentation or disclosure of the financial statements of the company.

2. Share capital

	£
Issued, called up and fully paid	
1 ordinary share of £1	1

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009.

Under saving provisions, the current maximum number of shares which may be issued by the company is 100 ordinary shares of £1 each.

3. Related party transactions

Significant balances outstanding between the company and other group companies are shown below:

	Amounts owed by	
	2012	2011
	£	£
Capital Shopping Centres PLC	1	1

4. Ultimate parent company

The ultimate parent company is Intu Properties plc (formerly Capital Shopping Centres Group PLC), a company incorporated and registered in England and Wales, copies of whose consolidated financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is VCP (GP) Limited, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

VCP NOMINEES NO.1 LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Company number 4707162

VCP NOMINEES NO.1 LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors submit their report and financial statements of the company for the year ended 31 December 2011.

Company number: 4707162

PRINCIPAL ACTIVITIES
The company is currently dormant.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS
The directors do not expect the company's state of affairs to change in the foreseeable future.

DIRECTORS IN THE YEAR

Martin Ellis	
David Fischel	
Hugh Ford	appointed 3 November 2011
Trevor Pereira	
Matthew Roberts	
Peter Weir	appointed 3 November 2011
Kay Chaldecott	resigned 30 September 2011
Caroline Kirby	resigned 17 October 2011

AUDITORS
The company is exempt under section 480 of the Companies Act 2006 from the provisions of part 16 of this Act relating to the audit of financial statements.

David Fischel
Director
26 **September 2012**

VCP NOMINEES NO.1 LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

There are no items of income and expense and accordingly neither an income statement nor a statement of comprehensive income have been prepared.

VCP NOMINEES NO.1 LIMITED

BALANCE SHEET
AT 31 DECEMBER 2011

	Notes	2011 £	Represented 2010 £
Current assets			
Trade and other receivables		1	1
Equity			
Share capital	2	1	1
Total equity		1	1

For the year ending 31 December 2011, the company was entitled to exemption from audit under section 480 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The notes on pages 6 to 7 form part of these financial statements.

Approved by the Board on 26 September 2012.

David Fischel
Director

VCP NOMINEES NO.1 LIMITED

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2011

	Share capital £
At 1 January 2010	1
Total comprehensive income for the year	-
At 31 December 2010	1
At 1 January 2011	1
Total comprehensive income for the year	-
At 31 December 2011	1

VCP NOMINEES NO.1 LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £	2010 £
Cash generated from operations	-	-
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents		
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

VCP NOMINEES NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with 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. This has resulted in presentational changes only and the profit for the year ended 31 December 2010 and total equity as at 1 January 2010 and 31 December 2010 are unaffected.

The financial statements have been prepared under the historical cost convention.

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.

The standards, amendments and interpretations endorsed by the EU which are effective for the first time for the Company's 31 December 2011 year end, did not have any impact on the presentation or disclosure of the financial statements of the Company.

Standards issued and adopted by the EU, but not effective for the year ended 31 December 2011 and not adopted early, are not expected to have an impact on the presentation or disclosure of the financial statements of the Company.

Additionally, a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. These are not expected to have any impact on the presentation or disclosure of the financial statements of the Company.

2. Share capital

	£
Issued, called up and fully paid	
1 ordinary share of £1	1

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009.

Under saving provisions, the current maximum number of shares which may be issued by the company is 100 ordinary shares of £1 each.

3. Related party transactions

Significant balances outstanding between the company and other group companies are shown below:

	Amounts owed by	
	2011	2010
	£	£
Capital Shopping Centres PLC	1	1

4. Ultimate parent company

The ultimate parent company is Capital Shopping Centres Group PLC (formerly Liberty International PLC), a company incorporated and registered in England and Wales, copies of whose consolidated financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is VCP (GP) Limited, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

VCP NOMINEES NO. 2 LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Company number 4707160

VCP NOMINEES NO.2 LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors submit their report and financial statements of the company for the year ended 31 December 2012.

Company number: 4707160

PRINCIPAL ACTIVITIES
The company is currently dormant.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS
The directors do not expect the company's state of affairs to change in the foreseeable future.

DIRECTORS IN THE YEAR
Martin Ellis
David Fischel
Hugh Ford
Trevor Pereira
Matthew Roberts
Peter Weir

AUDITORS
The company is exempt under section 480 of the Companies Act 2006 from the provisions of part 16 of this Act relating to the audit of financial statements.

Peter Weir

Peter Weir
Director
25 February 2013

VCP NOMINEES NO.2 LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

There are no items of income and expense and accordingly neither an income statement nor a statement of comprehensive income have been prepared.

VCP NOMINEES NO.2 LIMITED

BALANCE SHEET
AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
Current assets			
Trade and other receivables		1	1
Equity			
Share capital	2	1	1
Total equity		1	1

For the year ending 31 December 2012, the company was entitled to exemption from audit under section 480 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The notes on pages 6 to 7 form part of these financial statements.

Approved by the Board on 25 February 2013.

Peter Weir

Peter Weir
Director

VCP NOMINEES NO.2 LIMITED

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2012

	Share capital £
At 1 January 2011	1
Total comprehensive income for the year	-
At 31 December 2011	1
At 1 January 2012	1
Total comprehensive income for the year	-
At 31 December 2012	1

VCP NOMINEES NO.2 LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
Cash generated from operations	-	-
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents		
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

VCP NOMINEES NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with 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. This has resulted in presentational changes only and the profit for the year ended 31 December 2010 and total equity as at 1 January 2010 and 31 December 2010 are unaffected.

The financial statements have been prepared under the historical cost convention.

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.

The standards, amendments and interpretations endorsed by the EU which are effective for the first time for the company's 31 December 2012 year end, did not have any impact on the presentation or disclosure of the financial statements of the company.

Standards issued and adopted by the EU, but not effective for the year ended 31 December 2012 and not adopted early, are not expected to have an impact on the presentation or disclosure of the financial statements of the company.

Additionally, a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. These are not expected to have any impact on the presentation or disclosure of the financial statements of the company.

2. Share capital

	£
Issued, called up and fully paid	
1 ordinary share of £1	1

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009.

Under saving provisions, the current maximum number of shares which may be issued by the company is 100 ordinary shares of £1 each.

VCP NOMINEES NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

3. Related party transactions

Significant balances outstanding between the company and other group companies are shown below:

	Amounts owed by	
	2012	2011
	£	£
Capital Shopping Centres PLC	1	1

4. Ultimate parent company

The ultimate parent company is Intu Properties plc (formerly Capital Shopping Centres Group PLC), a company incorporated and registered in England and Wales, copies of whose consolidated financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is VCP (GP) Limited, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

VCP NOMINEES NO. 2 LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Company number 4707160

VCP NOMINEES NO.2 LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors submit their report and financial statements of the company for the year ended 31 December 2011.

Company number: 4707160

PRINCIPAL ACTIVITIES
The company is currently dormant.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS
The directors do not expect the company's state of affairs to change in the foreseeable future.

DIRECTORS IN THE YEAR

Martin Ellis	
David Fischel	
Hugh Ford	appointed 3 November 2011
Trevor Pereira	
Matthew Roberts	
Peter Weir	appointed 3 November 2011
Kay Chaldecott	resigned 30 September 2011
Caroline Kirby	resigned 17 October 2011

AUDITORS
The company is exempt under section 480 of the Companies Act 2006 from the provisions of part 16 of this Act relating to the audit of financial statements.

David Fischel
Director
26 **September 2012**

VCP NOMINEES NO.2 LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

There are no items of income and expense and accordingly neither an income statement nor a statement of comprehensive income have been prepared.

VCP NOMINEES NO.2 LIMITED

BALANCE SHEET
AT 31 DECEMBER 2011

	Notes	2011 £	Represented 2010 £
Current assets			
Trade and other receivables		1	1
Equity			
Share capital	2	1	1
Total equity		1	1

For the year ending 31 December 2011, the company was entitled to exemption from audit under section 480 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The notes on pages 6 to 7 form part of these financial statements.

Approved by the Board on 26 September 2012.

David Fischel
Director

VCP NOMINEES NO.2 LIMITED

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2011

	Share capital £
At 1 January 2010	1
Total comprehensive income for the year	-
At 31 December 2010	1
At 1 January 2011	1
Total comprehensive income for the year	-
At 31 December 2011	1

VCP NOMINEES NO.2 LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £	2010 £
Cash generated from operations	-	-
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents		
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with 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. This has resulted in presentational changes only and the profit for the year ended 31 December 2010 and total equity as at 1 January 2010 and 31 December 2010 are unaffected.

The financial statements have been prepared under the historical cost convention.

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.

The standards, amendments and interpretations endorsed by the EU which are effective for the first time for the Company's 31 December 2011 year end, did not have any impact on the presentation or disclosure of the financial statements of the Company.

Standards issued and adopted by the EU, but not effective for the year ended 31 December 2011 and not adopted early, are not expected to have an impact on the presentation or disclosure of the financial statements of the Company.

Additionally, a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. These are not expected to have any impact on the presentation or disclosure of the financial statements of the Company.

2. Share capital

	£
Issued, called up and fully paid	
1 ordinary share of £1	1

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009.

Under saving provisions, the current maximum number of shares which may be issued by the company is 100 ordinary shares of £1 each.

3. Related party transactions

Significant balances outstanding between the company and other group companies are shown below:

	Amounts owed by 2011 £	2010 £
Capital Shopping Centres PLC	1	1

4. Ultimate parent company

The ultimate parent company is Capital Shopping Centres Group PLC (formerly Liberty International PLC), a company incorporated and registered in England and Wales, copies of whose consolidated financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is VCP (GP) Limited, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

CSC PROPERTIES INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Company number 3229523

CSC PROPERTIES INVESTMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors submit their report and audited financial statements for the year ended 31 December 2012.

CSC Properties Investments Limited is incorporated and registered in England and Wales. The company's registered office is 40 Broadway, London, SW1H 0BU.

PRINCIPAL ACTIVITY
The principal activity of the company is as an investor in the Victoria Centre Partnership in which the company holds a 100% interest as sole limited partner, and the holding of investment property.

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 loss on ordinary activities before taxation was £0.3 million (2011 loss of £3.2 million). Net assets at 31 December 2012 were £59.8 million (2011 £77.2 million). The main company's main investment is its Limited Partnership interest in the Victoria Centre Partnership in the Victoria Centre, Nottingham.

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 (formerly Capital Shopping Centres Group 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.

On 15 February 2013, the company's ultimate parent changed its name from Capital Shopping Centres Group PLC to Intu Properties plc.

DIVIDENDS
The company did not declare a dividend in the year (2011 £nil).

CAPITAL MANAGEMENT
The directors consider the capital of the company to be the ordinary share capital of £96.4m. Management of this capital is performed at group level.

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

DIRECTORS
The Directors who held office during the year are given below:

Martin Ellis
David Fischel
Hugh Ford
Trevor Pereira
Matthew Roberts
Peter Weir

CSC PROPERTIES INVESTMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

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.

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.

FINANCIAL RISK MANAGEMENT
The Company's approach to financial risk management is explained in note 13 to the financial statements.

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

Peter Weir

Peter Weir
Director
25 February 2013

CSC PROPERTIES INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CSC PROPERTIES INVESTMENTS LIMITED

We have audited the financial statements of CSC Properties Investments Limited (Company number 3229523) for the year ended 31 December 2012 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 Report and Financial Statements to identify material inconsistencies with the audited financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss 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.

CSC PROPERTIES INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CSC PROPERTIES 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.

Alison Morris

Alison Morris (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 February 2013

CSC PROPERTIES INVESTMENTS LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Revenue	2	-	-
Net rental income	2	(0.3)	-
Revaluation of investment and development property		-	(3.2)
Operating loss	3	(0.3)	(3.2)
Loss before taxation		(0.3)	(3.2)
Taxation	4	-	-
Loss for the year		(0.3)	(3.2)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Loss for the year		(0.3)	(3.2)
Other comprehensive income			
Revaluation of investment	6	(17.1)	(6.0)
Total comprehensive income for the year		(17.4)	(9.2)

CSC PROPERTIES INVESTMENTS LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Investment and development property	5	4.5	4.5
Investments	6	88.5	105.6
		93.0	110.1
Current assets			
Trade and other receivables	7	2.5	0.7
Total assets		95.5	110.8
Current liabilities			
Trade and other payables	8	(35.7)	(33.6)
Total liabilities		(35.7)	(33.6)
Net assets		59.8	77.2
Equity			
Share capital	10	96.4	96.4
Accumulated losses		(36.6)	(19.2)
Total equity		59.8	77.2

The notes on pages 9 to 17 form part of these financial statements.

The financial statements on pages 5 to 17 have been approved by the Board of Directors on 25 February 2013 and were signed on its behalf by

Trevor Pereira
Director

Peter Weir

Peter Weir
Director

CSC PROPERTIES INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £m	Accumulated losses £m	Total equity £m
At 1 January 2011	96.4	(10.0)	86.4
Loss for the year	-	(3.2)	(3.2)
Other comprehensive income:			
Revaluation of investment	-	(6.0)	(6.0)
Total comprehensive income for the year	-	(9.2)	(9.2)
At 31 December 2011	96.4	(19.2)	77.2
At 1 January 2012	96.4	(19.2)	77.2
Loss for the year	-	(0.3)	(0.3)
Other comprehensive income:			
Revaluation of investment	-	(17.1)	(17.1)
Total comprehensive income for the year	-	(17.4)	(17.4)
At 31 December 2012	96.4	(36.6)	59.8

CSC PROPERTIES INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2012

	Notes	2012 £m	2011 £m
Cash generated from operations	9	-	1.3
Taxation – REIT entry charge		-	(1.3)
Cash flows from operating activities		-	-
Purchase and development of property		-	-
Disposal of investment property		-	-
Cash flows from investing activities		-	-
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with 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, available for sale investments 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 accounts 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 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).

1. Principal accounting policies (continued)

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.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

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.

1. Principal accounting policies (continued)

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

The company has elected to use the fair value model. Properties are 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 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.

Properties held under leases are stated gross of the recognised finance lease liability.

The cost of investment and development property includes capitalised interest and other directly attributable outgoings incurred during development. Interest is capitalised on the basis of the average rate of interest paid on the relevant debt outstanding. Interest ceases to be capitalised on the date of practical completion.

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

When the use of a property changes from that of investment to trading, the property's deemed cost for subsequent accounting in accordance with IAS 2 Inventories is its fair value at the date of change in use.

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.

Investments
Available-for-sale investments, being investments intended to be held for an indefinite period, are initially and subsequently measured at fair value. For listed investments, fair value is the current bid market value at the reporting date. For unlisted investments where there is no active market, fair value is assessed using an appropriate methodology.

Gains or losses arising from changes in fair value are included in other comprehensive income, except to the extent those losses are considered to represent a permanent impairment, in which case they are recognised in the income statement. Upon disposal, accumulated fair value adjustments are recycled from reserves to the income statement.

1. Principal 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 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.

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.

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 £m	2011 £m
Rent receivable	-	-
Service charge income	-	-
Revenue	-	-
Service charge costs	-	-
Other non-recoverable costs	(0.3)	-
Net rental income	(0.3)	-

3. Operating loss

The operating loss of £0.3 million (2011 loss £3.2 million) did not include any amounts in respect of auditors' remuneration or directors' remuneration (2011 £nil). No deduction is made for auditors' remuneration of £3,300 (2011 £3,300) which was settled on behalf of the company by the ultimate parent company, Intu Properties plc, and has not been recharged.

There were no employees during the year (2011 nil). The Directors did not receive any emoluments in respect of their services to the company (2011 nil).

4. Taxation

The total tax expense of £nil (2011 £nil) is all in respect of current taxation. The tax expense for the year is higher (2011 higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2012 £m	2011 £m
Loss before tax	(0.3)	(3.2)
Loss before tax multiplied by the standard rate of tax in the UK of 24.5% (2011 26.5%)	(0.1)	(0.8)
Effects of:		
Partnership loss taxed in company	(4.2)	(1.6)
Group relief	0.3	0.5
REIT exemption – corporation tax	(3.1)	3.3
REIT exemption – deferred tax	7.1	(1.4)
Taxation on loss on ordinary activities	-	-

5. Investment and development property

	2012 £m	2011 £m
Freehold		
At 1 January	4.5	7.7
Revaluation deficit	-	(3.2)
At 31 December	4.5	4.5

The fair value of the company's investment and development properties as at 31 December 2012 was determined by independent external valuers at that date. The valuation conforms with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 8th edition and with IVS1 of Internal Valuation Standards, and was arrived at by reference to market transactions for similar properties.

6. Other investments

	2012 £m	2011 £m
At 1 January	105.6	111.6
Revaluation	(17.1)	(6.0)
At 31 December	88.5	105.6

The company's investment is an available-for-sale investment and reflects a 99.9999% holding in The Victoria Centre Partnership, which owns The Victoria Shopping Centre, Nottingham. This interest is accounted for as an available-for-sale investment as the company does not have control, joint control or significant influence over the Partnership. The management and control of the Partnership is the exclusive responsibility of the General Partner.

7. Trade and other receivables

	2012 £m	2011 £m
Amounts owed by immediate parent company	2.5	0.5
Other receivables	-	0.2
	2.5	0.7

Amounts owed by the immediate parent company are unsecured, interest free and payable on demand.

8. Trade and other payables

	2012 £m	2011 £m
Amounts owed to group undertakings	35.2	33.2
Accruals and deferred income	0.4	0.4
Other payables	0.1	-
	35.7	33.6

Amounts owed to group undertakings are unsecured, interest free, and payable on demand.

9. Cash generated from operations

	2012 £m	2011 £m
Loss before tax	(0.3)	(3.2)
Remove:		
Revaluation of investment property	-	3.2
Changes in working capital:		
Change in trade and other receivables	(1.8)	47.3
Change in trade and other payables	2.1	(46.0)
Cash generated from operations	-	1.3

10. Share capital

	2012 £m	2011 £m
Issued, called up and fully paid		
96,445,496 ordinary shares of £1 each	96.4	96.4

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009. Under saving provisions, the current maximum number of shares which may be issued by the company is 96,500,000 ordinary shares of £1 each.

11. 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 Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

CSC PROPERTIES INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

12. Related party transactions

Significant balance outstanding between the company and other group companies are shown below:

	Amounts owed by	
	2012	2011
	£m	£m
Capital Shopping Centres PLC	2.5	0.5

	Amounts owed to	
	2012	2011
	£m	£m
The Victoria Centre Partnership	35.2	33.2

13. 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 Partnership'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
	Repayable within 1 year or on demand
	£m
Amounts owed to group undertaking	35.2
Other financial liabilities	0.4
	35.6

	2011
	Repayable within 1 year or on demand
	£m
Amounts owed to group undertaking	33.2
Other financial liabilities	0.4
	33.6

13. 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 £m	Fair value £m	2012 Gain/(loss) to income statement £m
Trade and other receivables	2.5	2.5	-
Total cash and receivables	2.5	2.5	-
Trade and other payables	(35.6)	(35.6)	-
Total loans and payables	(35.6)	(35.6)	-

	Carrying value £m	Fair value £m	2011 Gain/(loss) to income statement £m
Trade and other receivables	0.5	0.5	-
Total cash and receivables	0.5	0.5	-
Trade and other payables	(33.6)	(33.6)	-
Total loans and payables	(33.6)	(33.6)	-

CSC PROPERTIES INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Company number 3229523

CSC PROPERTIES INVESTMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors submit their report and audited financial statements for the year ended 31 December 2011.

CSC Properties Investments Limited is incorporated and registered in England and Wales. The Company's registered office is 40 Broadway, London, SW1H 0BU.

PRINCIPAL ACTIVITY
The principal activity of the company is as an investor in the Victoria Centre Partnership in which the company holds a 100% interest as sole limited partner, and the holding of investment property.

BUSINESS REVIEW
The company's results and financial position for the year ended 31 December 2011 are set out in full in the income statement, the balance sheet and statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The loss on ordinary activities before taxation of £3.2 million (2010 loss of £0.8 million) was due to a loss on revaluation of property. Total equity at 31 December 2011 was £77.2 million (2010 £86.4 million). The main focus of the company's investments is through its Limited Partnership interest in the Victoria Centre Partnership in the Victoria Centre, Nottingham.

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 Capital Shopping Centres Group 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.

DIVIDENDS

The company did not declare a dividend in the year (2010 £nil).

CAPITAL MANAGEMENT

The directors consider the capital of the company to be the ordinary share capital of £96.4m. Management of this capital is performed at group level.

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

DIRECTORS

The Directors who held office during the year are given below:

Kay Chaldecott	resigned 30 September 2011
Martin Ellis	
David Fischel	
Caroline Kirby	resigned 17 October 2011
Trevor Pereira	
Matthew Roberts	
Hugh Ford	appointed 3 November 2011
Peter Weir	appointed 3 November 2011

CSC PROPERTIES INVESTMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

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, Capital Shopping Centres Group 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.

FINANCIAL RISK MANAGEMENT

The Company's approach to financial risk management is explained in note 14 to the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

CSC PROPERTIES INVESTMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

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

Matthew Roberts
Director
25 June 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CSC PROPERTIES INVESTMENTS LIMITED

We have audited the financial statements of CSC Properties Investments Limited (Company number 3229523) for the year ended 31 December 2011 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 Report and Financial Statements to identify material inconsistencies with the audited financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CSC PROPERTIES 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.

Alison Morris

Alison Morris (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 June 2012

CSC PROPERTIES INVESTMENTS LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Revenue	2	-	1.4
Net rental income	2	-	0.9
Revaluation and sale of investment and development property	3	(3.2)	(1.7)
Operating loss		(3.2)	(0.8)
Loss before taxation	4	(3.2)	(0.8)
Taxation	5	-	(0.2)
Loss for the year		(3.2)	(1.0)

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.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £m	Represented 2010 £m
Loss for the year		(3.2)	(1.0)
Other comprehensive income			
Revaluation of investment	7	(6.0)	19.2
Total comprehensive income for the year		(9.2)	18.2

CSC PROPERTIES INVESTMENTS LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Non- current assets			
Investment and development property	6	4.5	7.7
Investments	7	105.6	111.6
		110.1	119.3
Current assets			
Trade and other receivables	8	0.7	48.0
Total assets		110.8	167.3
Current liabilities			
Trade and other payables	9	(33.6)	(80.9)
Total liabilities		(33.6)	(80.9)
Net assets		77.2	86.4
Equity			
Share capital	11	96.4	96.4
Retained earnings		(19.2)	(10.0)
Total equity		77.2	86.4

The notes on pages 10 to 22 form part of these financial statements.

The financial statements on pages 6 to 22 have been approved by the Board of Directors on 25 June 2012 and were signed on its behalf by

Matthew Roberts
Director

Peter Weir
Director

CSC PROPERTIES INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2011

	Share capital £m	Retained earnings £m	Total equity £m
At 1 January 2010	96.4	(28.2)	68.2
Loss for the year	-	(1.0)	(1.0)
Other comprehensive income:			
Revaluation of investment	-	19.2	19.2
Total comprehensive income for the year	-	18.2	18.2
At 31 December 2010	96.4	(10.0)	86.4
At 1 January 2011	96.4	(10.0)	86.4
Loss for the year	-	(3.2)	(3.2)
Other comprehensive income:			
Revaluation of investment	-	(6.0)	(6.0)
Total comprehensive income for the year	-	(9.2)	(9.2)
At 31 December 2011	96.4	(19.2)	77.2

CSC PROPERTIES INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Cash generated from operations	10	1.3	(43.4)
Taxation – REIT entry charge		(1.3)	(2.6)
Cash flows from operating activities		-	(46.0)
Purchase and development of property		-	(5.8)
Disposal of investment property		-	51.8
Cash flows from investing activities		-	46.0
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

CSC PROPERTIES INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), IFRIC interpretations and with 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 accounts has been restated and represented under IFRS. Further details on the restatement of comparative information and conversion to IFRS are given in note 15.

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

In concluding that the going concern basis of preparation is appropriate to adopt, the directors considered the level of financial support that may be made available to the company by its ultimate parent, Capital Shopping Centres Group PLC. The directors took into account the consolidated financial statements of its immediate parent, Capital Shopping Centres PLC for the year ended 31 December 2011, which were prepared 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.

During 2011, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the Company's 31 December 2011 year end:

- IFRS 24 Related Party Disclosures;
- IFRS 32 Financial Instruments: Presentation (amendment);
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding requirements and their Interaction;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments; and
- Amendments arising from 2010 annual improvements project.

These either had no material impact on the financial statements or resulted in changes to presentation and disclosure only.

1. Principal accounting policies (continued)

The following standard has been issued and adopted by the EU but is not effective for the year ended 31 December 2011 and has not been adopted early:

- IFRS 7 Financial Instruments: Disclosures (amendment)

This pronouncement is 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;
- IFRS 11 Joint Arrangements;
- IFRS 13 Fair Value Measurement; and
- IAS 28 Investments in Associates and Joint Ventures.

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

Revenue

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.

1. **Principal accounting policies (continued)**

Investment and development property
Investment and development property is owned or leased by the Group and held for long-term rental income and capital appreciation.

The Group has elected to use the fair value model. Properties are 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 7th Edition and IVS1 of International Valuation Standards.

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

Properties held under leases are stated gross of the recognised finance lease liability.

The cost of investment and development property includes capitalised interest and other directly attributable outgoings incurred during development. Interest is capitalised on the basis of the average rate of interest paid on the relevant debt outstanding. Interest ceases to be capitalised on the date of practical completion.

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

When the use of a property changes from that of investment to trading, the property's deemed cost for subsequent accounting in accordance with IAS 2 Inventories is its fair value at the date of change in use.

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.

CSC PROPERTIES INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies (continued)

Investments
Available-for-sale investments, being investments intended to be held for an indefinite period, are initially and subsequently measured at fair value. Fair value is assessed using an appropriate methodology.

Gains or losses arising from changes in fair value are included in other comprehensive income, except to the extent those losses are considered to represent a permanent impairment, in which case they are recognised in the income statement.

Impairment of assets
The Group'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 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 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.

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.

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.

	2011 £m	2010 £m
Rent receivable	-	1.1
Service charge income	-	0.3
Revenue	-	1.4
Service charge costs	-	(0.5)
Other non-recoverable costs	-	-
Net rental income	-	0.9

3. Revaluation and sale of investment and development property

	2011 £m	2010 £m
Revaluation of investment and development property	(3.2)	-
Sale of investment properties	-	(1.7)

4. Loss on ordinary activities before taxation

The loss before taxation of £3.2 million (2010 £0.8 million) did not include any fees in respect of auditors' remuneration or directors' remuneration (2010 £nil). No deduction is made for auditors' remuneration of £3,300 (2010 £2,900) which was settled on behalf of the company by the ultimate parent company, Capital Shopping Centres Group PLC, and has not been recharged.

There were no employees during the year (2010 nil). The Directors did not receive any emoluments in respect of their services to the company (2010: nil).

5. Taxation

The tax assessed for the period is higher than (2010: higher than) the standard rate of United Kingdom corporation tax for the period ended 31 December 2011 of 26.5% (2010: 28%). The differences are shown below:

	2011 £m	2010 £m
Loss on ordinary activities before taxation	(3.2)	(0.8)
United Kingdom corporation tax at 26.5% (2010 28%)	(0.8)	(0.2)
Effects of:		
Disposals of property	'-	(17.1)
Transfer pricing	-	-
Partnership (loss)/profit taxed in company	(1.6)	1.7
Group relief	0.5	0.4
REIT exemption – corporation tax	3.3	15.2
REIT exemption – deferred tax	(1.4)	-
REIT entry charge	-	0.2
Taxation on loss on ordinary activities	-	0.2

6. Investment and development property

	Freehold £m	Leasehold over 50 years £m	Total £m
At 31 December 2009	24.4	31.1	55.5
Disposals	(22.5)	(31.1)	(53.6)
Revaluation surplus	5.8	-	5.8
At 31 December 2010	7.7	-	7.7
Revaluation deficit	(3.2)	-	(3.2)
At 31 December 2011	4.5	-	4.5

The fair value of the company's investment and development properties as at 31 December 2011 was determined by independent external valuers at that date. The valuation conforms with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 7th edition and with IVS1 of Internal Valuation Standards, and was arrived at by reference to market transactions for similar properties.

7. Other investments

	2011 £m	2010 £m
At 1 January	111.6	92.4
Revaluation	(6.0)	19.2
At 31 December	105.6	111.6

The company's investment is an available-for-sale investment and reflects a 99.9999% holding in The Victoria Centre Partnership, which owns The Victoria Shopping Centre, Nottingham. This interest is accounted for as an available-for-sale investment as the company does not have control, joint control or significant influence over the Partnership. The management and control of the Partnership is the exclusive responsibility of the General Partner.

8. Trade and other receivables

	2011 £m	2010 £m
Amounts due from immediate parent company	0.5	48.0
Other receivables	0.2	-
	0.7	48.0

Amounts due from the immediate parent company are unsecured, interest free and payable on demand.

9. Creditors: amounts falling due within one year

	2011 £m	2010 £m
Amounts due to group undertakings	33.2	79.0
REIT entry charge	-	1.3
Accruals and deferred income	0.4	0.4
Other creditors	-	0.2
	33.6	80.9

Amounts due to group undertakings are unsecured, interest free, and payable on demand.

10. Cash generated from operations

	2011 £m	2010 £m
Loss before tax	(3.2)	(0.8)
Remove:		
Revaluation of investment property	3.2	-
Amortisation of lease incentives and other direct costs	-	(0.3)
Loss on disposal of investment property	-	1.7
Changes in working capital:		
Change in trade and other receivables	47.3	(17.6)
Change in trade and other payables	(46.0)	(26.4)
Cash generated from operations	1.3	(43.4)

11. Share capital

	2011 £m	2010 £m
Issued, called up and fully paid		
96,445,496 ordinary shares of £1 each	96.4	96.4

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009. Under saving provisions, the current maximum number of shares which may be issued by the company is 96,500,000 ordinary shares of £1 each.

12. Ultimate parent company

The ultimate parent company is Capital Shopping Centres Group PLC a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose accounts may be obtained as above.

13. Related party transactions

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

	Amounts owed by	
	2011	2010
	£m	£m
Capital Shopping Centres PLC	0.5	48.0

	Amounts owed to	
	2011	2010
	£m	£m
The Victoria Centre Partnership	33.2	54.8
Westgate Oxford Investments Limited	-	24.2
	33.2	79.0

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 Partnership'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

	2011 **Repayable within 1 year or on demand** **£m**
Amounts due to parent company	33.2
Tax and other payables	-
	33.2

	2010 Repayable within 1 year or on demand £m
Amounts due to parent company	79.0
Tax and other payables	1.5
	80.5

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 2011 and 31 December 2010.

	Carrying value £m	Fair value £m	2011 Gain/(loss) to income statement £m
Trade and other receivables	0.7	0.7	-
Total cash and receivables	**0.7**	**0.7**	-
Trade and other payables	(33.6)	(33.6)	-
Total loans and payables	**(33.6)**	**(33.6)**	-

	Carrying value £m	Fair value £m	2010 Gain/(loss) to income statement £m
Trade and other receivables	48.0	48.0	-
Total cash and receivables	48.0	48.0	-
Trade and other payables	(80.9)	(80.9)	-
Total loans and payables	(80.9)	(80.9)	-

15. Conversion to International Financial Reporting Standards

Following the company's adoption of IFRS, the 2010 comparative information in these financial statements has been restated and represented under IFRS. Set out below is a reconciliation of total equity under UKGAAP at 1 January 2010 and 31 December 2010 to total equity under IFRS. Additionally the balance sheet as at 1 January 2010 is presented under IFRS. More detailed explanations of the adjustments are set out below this table.

Reconciliation of total equity from UKGAAP to IFRS

	Note	31 December 2010 £m	1 January 2010 £m
Total equity (UKGAAP)		25.8	26.8
Revaluation of investments	a	60.6	41.4
Total equity (IFRS)		86.4	68.2

15. Conversion to International Financial Reporting Standards (continued)

Balance sheet at 1 January 2010 under IFRS

	1 January 2010 £m
Non- current assets	
Investment and development property	55.2
Investments	92.4
	147.6
Current assets	
Trade and other receivables	30.5
Total assets	178.1
Current liabilities	
Trade and other payables	(108.8)
Non current liabilities	
Trade and other payables	(1.1)
Total liabilities	(109.9)
Net assets	68.2
Equity	
Share capital	96.4
Retained earnings	(28.2)
Total equity	68.2

Note:

(a) Revaluation of investment

Under UKGAAP the company's policy was to account for its interest in The Victoria Centre Partnership at cost less any allowance for impairment. Upon conversion to IFRS, the interest must be accounted for in accordance with IAS 39. As it does not meet the definition of a subsidiary, associate or joint venture, the interest in the partnership is instead classified as an available-for-sale investment and must be accounted for at fair value. Per IAS 39, a gain or loss in fair value must be recognised in other comprehensive income and not the income statement.

ANNEX 2
VALUATION REPORT

PRIVATE & CONFIDENTIAL
www.dtz.com

DTZ a UGL company

Report and Valuation as at 31 December 2012

for

Merrill Lynch International, HSBC Bank plc, UBS Limited, HSBC Corporate Trustee Company (UK) Ltd, Intu (SGS) Finance plc

DTZ, a UGL company
48 Warwick Street
LONDON
W1B 5NL

08 March 2013

Job No: 1200LE00

maintaining today
creating tomorrow

Contents

Appendix

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in its capacity as Arranger

HSBC Bank plc
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London E14 5HQ
in its capacity as Arranger

UBS Limited
1 Finsbury Avenue
London, EC2M 2PP
in its capacity as Joint Lead Manager

HSBC Corporate Trustee Company (UK) Limited
8 Canada Square
London E14 5HQ
in its capacity as Obligor Security Trustee and Issuer Trustee

HSBC Bank plc
8 Canada Square
London E14 5HQ
in its capacity as facility agent under an Authorised Loan Facility Agreement

Intu (SGS) Finance plc
35 Great St. Helen's
London EC3A 6AP
in its capacity as the Issuer

08 March 2013

Dear Sirs

Portfolio of Four Shopping Centres
Market Valuation as at 31 December 2012

1 Introduction

In accordance with your letter of instruction dated 25 February 2013, which were confirmed in our letter dated 28 February 2013, we have considered the freehold, heritable and long leasehold property interests (as appropriate) in each of the properties listed in paragraph 2 (the "Properties") which are to be included within an approved circular and prospectus (the "Approved Prospectus") as detailed below.

It is understood that our Valuation Report and Schedule (together, the "Valuation Report") is required for inclusion in the Approved Prospectus which is to be published by Intu (SGS) Finance plc in connection with financing purposes on the Irish Stock Exchange.

The effective date of the valuation is 31 December 2012 (the "Valuation Date").

The Properties valued are described in the Appendix.

2 Brief summary of the Properties

The Properties form part of a portfolio described in the Appendix. The valuations reported herein relate only to the Properties comprising the Portfolio.

1. Lakeside Shopping Centre, Thurrock;
2. Braehead Shopping Centre, Glasgow;
3. Harlequin Shopping centre, Watford and
4. Victoria Shopping Centre, Nottingham

3 Inspection

The Properties were subject to a full inspection within the last three months as part of this valuation.

4 Compliance with RICS Valuation - Professional Standards 2012

We confirm that the valuations have been prepared in accordance with the appropriate sections of the Valuation Standards ("VS") and United Kingdom Valuation Standards ("UKVS") contained within the RICS Valuation - Professional Standards 2012, (the "Red Book") as well as Rule 10.4.5 of the Listing Rules published by the Irish Stock Exchange and paragraphs 128 to 130 of CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no 809/2004.

We further confirm that our receiving instruction in this matter was not conditional upon the appraisals/valuations producing maximum values, specific values, or values within a given range.

5 Status of valuer and conflicts of interest

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake these valuations competently. We also confirm that where more than one valuer has contributed to the valuations the requirements of VS 1.6.4 of the Red Book have been satisfied. We confirm that Jonathan Goode has overall responsibility for the valuation. Finally, we confirm that we have undertaken the valuations acting as External Valuers, qualified for the purpose of the valuation.

We further confirm that DTZ provided valuation advice to Intu Properties plc (the "Company"), in connection with re-financing of Lakeside Shopping Centre, Thurrock in June 2004; The Potteries, Hanley in December 2004 and March 2007; Harlequin, Watford and Braehead, Renfrew in April 2005; the Victoria Centre, Nottingham in October 2005; Chapelfield, Norwich, the Glades, Bromley, the Chimes, Uxbridge in April 2006, Park View House, Chelmsford in August 2007 and 29-35, 41a, 43-45, 55, 63-67 and 73-75 Watford High Street, Watford in August 2007. DTZ also undertook valuations of the entire portfolio for March 2009 for capital raising purposes and in

November 2010 in connection with the share placing and acquisition by the Company of The Trafford Centre Group. DTZ also act as valuers to the Company and have been undertaking year-end and half year valuations of the majority of assets owned by the Company, for accounting purposes and more general valuation advice since 1994.

DTZ undertake valuations for Intu Debenture plc for their interests held in Eldon Square Shopping Centre, Newcastle and Potteries Shopping Centre, Hanley.

This has been discussed with the Company and notwithstanding our previous involvement the Company have confirmed that we may proceed with the valuation.

At all times we have adhered by the RICS recommendations to the Carsberg Report.

6 Purpose of the valuation

We understand that this Valuation Report is required for inclusion in the Approved Prospectus which is to be published by the Company in connection with financing purposes.

7 Disclosures required under the provisions of VS 1.9 and UKVS 4.3

7.1 NAME OF SIGNATORY

Jonathan Goode has been the signatory of Valuation Reports provided to the Company for the same purpose as the purpose of this Valuation Report for a continuous period since 1 November 2010. DTZ Debenham Tie Leung has been carrying out the valuation instruction for the Company for a continuous period since 1994.

7.2 DTZ'S RELATIONSHIP WITH CLIENT

As mentioned above under Section 5, DTZ act as valuers to the Company and Intu Debenture plc and undertake half yearly valuations of the majority of assets owned by the Company, for accounting purposes and more general valuation advice.

We do not consider that any conflict of interest arises for us in preparing the advice requested by the Company and the Company has confirmed this to us.

We confirm that we do not have any material interest in the Company, or any of the Properties.

7.3 FEE INCOME FROM THE COMPANY

DTZ Debenham Tie Leung was a wholly owned subsidiary of DTZ Holdings plc (the "Group") until 5 December 2011, when all the trading subsidiaries of the Group (the "Subsidiaries") were sold to UGL Limited ("UGL"). In UGL's financial year ending 30 June 2012, the proportion of fees payable by the Company to the total fee income of UGL was less than 5%.

7.4 DTZ INVOLVEMENT IN THE PROPERTIES IN THE PREVIOUS 12 MONTHS

DTZ have not received any introductory fees or acquisition fees in respect of the Properties within the 12 months prior to the date of valuation.

8 Report format

The Appendix to this Valuation Report comprise details of the Properties and our valuation.

9 Basis of valuation

Our opinion of the Market Value of each of the properties has been primarily derived using comparable recent market transactions on arm's length terms.

9.1 MARKET VALUE

The value of the property has been assessed in accordance with the relevant parts of the current RICS Valuation - Professional Standards 2012. In particular, we have assessed Market Value in accordance with VS 3.2. Under these provisions, the term "Market Value" means "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.".

In undertaking our valuation on the basis of Market Value, we have applied the conceptual framework which has been settled by the International Valuation Standards Council and which is set out in paragraphs 31-35 of the IVS Framework.

9.2 TAXATION AND COSTS

We have not made any adjustments to reflect any liability to taxation that may arise on disposals, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposals.

We have made a deduction to reflect a purchaser's acquisition costs.

10 VAT

We have been advised by the Company that elections have been made for the Property to be subject to VAT.

The Market Values contained in this report are, therefore, quoted net of VAT.

11 Assumptions and sources of information

An Assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("Assumption"). In this context, Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the Company have confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The Assumptions we have made for the purposes of our valuation(s) are referred to below:-

11.1 TITLE

We have relied on the Certificates of Title (the “Certificates of Title”) and Materiality Report’s dated 08 March 2013 prepared by Orrick, Herrington & Sutcliffe (Europe) LLP and Anderson Strathern LLP and dated 08 March 2013 on behalf of the Company. We have reflected the contents of the Certificates of Title and the Materiality Report’s within our valuations. It is stated in the Certificates of Title that the Company is possessed of good and marketable freehold, heritable (Equivalent of English freehold title) or leasehold titles as appropriate in each case.

Except as disclosed by the Certificates of Title, we have made an Assumption that the Properties are free from rights of way or easements, restrictive covenants, or onerous or unusual outgoings. We have also made an Assumption that, save as disclosed in the Certificates of Title, the Properties are free from mortgages, charges or other encumbrances.

11.2 CONDITION OF STRUCTURE AND SERVICES, DELETERIOUS MATERIALS, PLANT AND MACHINERY AND GOODWILL

Due regard has been paid to the apparent state of repair and condition of each of the Properties, but condition surveys have not been undertaken, nor have woodwork or other parts of the structures which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the Properties are structurally sound or free from any defects. We have made an Assumption that the Properties are free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than such as may have been mentioned in the body of our Valuation Report and the appendices.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations, and therefore we cannot confirm that the Properties are free from risk in this regard. For the purposes of these valuations, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We have not carried out an asbestos inspection and have not acted as an asbestos inspector in completing the valuation inspection of Properties that may fall within the Control of the Asbestos at Work Regulations 2002. We have not made an enquiry of the duty holder (as defined in the Control of Asbestos of Work Regulations 2002), of the existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, we have made an Assumption that there is a duty holder, as defined in the Control of Asbestos of Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract enquiries.

No mining, geological or other investigations have been undertaken to certify that the sites are free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed (or to be constructed) thereon. We have also made an Assumption that, save as disclosed in the Certificates of Title, there are no services on, or crossing the sites in a position which would inhibit development or make it unduly expensive and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

No allowance has been made in this valuation for any items of plant or machinery not forming part of the service installations of the buildings. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

Further, no account has been taken in our valuations of any business goodwill that may arise from the present occupation of any of the Properties.

It is a condition of DTZ Debenham Tie Leung Limited or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

11.3 ENVIRONMENTAL MATTERS

We have made enquiries of the Company in order, so far as reasonably possible, to establish the risk of flooding at the Properties and the potential existence of contamination arising out of previous or present uses of the sites and any adjoining sites.

We have examined, in respect of the valuations carried out as at 28 February 1994 and reported under a Report dated 16 March 1994, an environmental review report prepared by Parkman Environment in January 1994 in respect of Lakeside, Thurrock and updated by an environmental review report prepared in 2004. We were also provided with copies of environmental desk review reports undertaken by Messrs Travers Morgan in January and February 1994 in respect of the remaining Properties except Braehead.

In addition, we have also been provided with a Building and Environmental Due Diligence Report prepared by Waterman Partnership Ltd and dated March 2005 for Braehead and the Harlequin Centre.

We have been provided with Waterman Phase 1 Property Due Diligence Reports for the Properties dated February 2013 with the exception of the The Harlequin Centre, Watford which was dated January 2013.

We have reflected the contents of all of these environmental reports and reviews in our valuations.

In accordance with our inquiries of the Company and the contents of the above mentioned reports, we have made an Assumption that no contamination or other adverse environmental matters exist in relation to the Property sufficient to affect value. Other than as referred to above, we have not made any investigations into past or present uses, either of the Property or any neighbouring land to establish whether there is any contamination or potential for contamination to the Property. Commensurate with our Assumptions set out above we have made no allowance in this valuation for any effect in respect of actual or potential contamination of land or buildings. A purchaser in the market might, in practice, undertake further investigations than those undertaken by us. If it is subsequently established that contamination exists at the Property or on any neighbouring land or that any of the premises have been, or are being, put to any contaminative use then this might reduce the values now reported.

Flooding

We have made enquiries of the Environment Agency website and are advised that the Properties fall outside the extent of the extreme flood. This is categorised as being a chance of flooding equivalent to 0.1% (1 in 1,000) or less.

Albeit, we have made the Assumption that building insurance is in place regarding flooding and available to be renewed to the current or any subsequent owners of the Properties, without payment of an excessive premium or excess.

11.4 AREAS

The Company has provided us with the floor areas of the Properties that are relevant to our valuation. As instructed, we have relied on these areas and have not checked them on site. We have made an Assumption that the floor areas supplied to us have been calculated in accordance with the current Code of Measuring Practice, prepared by the Royal Institution of Chartered Surveyors.

11.5 STATUTORY REQUIREMENTS AND PLANNING

Verbal enquiries have been made of the relevant planning authorities in whose areas the Properties lie as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. The results of our enquiries have been included within our Valuation Report where relevant.

We have made an Assumption that, save as disclosed in the Certificates of Title, the buildings have been constructed in full compliance with valid town planning and building regulations approvals, that where necessary they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, we have also made an Assumption that, save as disclosed in the Certificates of Title, the Properties are not subject to any outstanding statutory notices as to their construction, use or occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that, save as disclosed in the Certificates of Title, the existing uses of the Properties are duly authorised or established and that no adverse planning condition or restriction applies.

In respect of the valuation as at 28 February 1994, we were advised of the planning position for each property, except for Braehead, by virtue of solicitors' searches and the Certificates of Title. In addition, we have been provided with an update of the planning position of Lakeside in 2004, Braehead and the Harlequin Centre in April 2005, by virtue of solicitors' searches and Certificates of Title. None of this documentation indicated any breaches of planning.

No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and we have made an Assumption that the Properties comply with all relevant statutory requirements.

In England and Wales, the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates ("EPC") to be made available for all Properties, when bought or sold, subject to certain exemptions. In respect of any of the Properties which are not exempt from the requirements of this Directive, we have made an Assumption that an EPC is made available, free of charge, to the purchasers of the interests which are the subject of our valuation.

We would draw your attention to the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

In instances where we have valued the property with the benefit of a recently granted planning consent, or on the Special Assumption that planning consent is granted, we have made an assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the property, or the area in which it is located) within a period of three months of the granted of a planning consent. When a planning consent is granted subject to a Section 106 Agreement, the three month period commences when the Section 106 Agreement is signed by all parties.

If a planning consent is subject to Judicial Review, we must be informed and asked to reconsider our opinion of value. Advice would be required from your lawyer and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which we will reflect in our reconsideration of value.

11.6 LEASING

Subject to the provisions of the paragraph below, we have read all the leases and related documents provided to us by the Company. We have made an Assumption that copies of all relevant documents have been sent to us and that they are complete and up to date.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have made an Assumption that the tenants are financially in a position to meet their obligations. Unless otherwise advised we have also made an Assumption, that save as disclosed in the Certificates of Title, there are no material arrears of rent or service charges, breaches of covenants, current or anticipated tenant disputes.

However, our valuations reflects the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits (save as disclosed in the Certificates of Title).

11.7 INFORMATION

We have made an Assumption that the information the Company and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

12 Valuation

12.1 MARKET VALUE

We are of the opinion that the aggregate Market Value as at 31 December 2012 of the freehold, heritable and leasehold interest's in the Properties described in the appendix, subject to the Assumptions, and comments in this Valuation Report and in the appendix was as follows:-

£2,305,500,000	**(Two Billion Three Hundred and Five Million and Five Hundred Thousand pounds)**

This can be apportioned between the freehold/heritable and long leasehold Properties as follows:-

Freehold/Heritable:	**£1,981,500,000** **(One Billion Nine Hundred and Eighty One Million Five Hundred Thousand Pounds)**
Long leasehold:	**£324,000,000** **(Three Hundred and Twenty Four Million Pounds)**

13 Confidentiality and disclosure

The contents of this Valuation Report and Schedule may be used only for specific purpose to which they refer. Consequently, and in accordance with current practice, no responsibility is accepted to any party in respect of the whole or any part of their contents other than in connection with the Purpose of this Valuation Report. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained. For the avoidance of doubt, such approval is required whether or not DTZ Debenham Tie Leung Limited is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Save for any responsibility arising under paragraph 3(2)(f) of Schedule 1 to the Prospectus (Directive 2003/71/EC) Regulations 2005 to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with Part 6 (Responsibility Attaching to the Prospectus) of the Prospectus (Directive 2003/71/EC) Regulations 2005.

For the purpose of paragraph 3(2)(f) of Schedule 1 to the Prospectus (Directive 2003/71/EC) Regulations 2005), we accept responsibility for the information within this Valuation Report and declare that we have taken all reasonable care to ensure that the information contained in this Valuation Report is, to the best of our knowledge and having taken all reasonable care to ensure that is the case, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Part 6 (Responsibility Attaching to the Prospectus) of the Prospectus (Directive 2003/71/EC) Regulations 2005.

Yours faithfully

Jonathan Goode MRICS
Senior Director
RICS Registered Valuer
For and on behalf of
DTZ Debenham Tie Leung Limited

APPENDIX

SCHEDULE OF PROPERTY ASSETS AND MARKET VALUES

VALUES NET OF PURCHASER'S COSTS

Schedule A
Values Net of Purchaser's Costs (1)

Property	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rent	Market Value as at 31 December 2012
The Company's interest in Lakeside, Thurrock	A major out of town shopping centre close to the M25 just north of the Dartford River Crossing, east of London. Opened in 1990, the Centre comprises approximately 1.43m sq ft primarily arranged on two main fully enclosed, heated and comfort cooled malls. It overlooks a lake and is surrounded by surface and multi-storey car spaces comprising approximately 13,000 spaces plus a bus/coach park. The scheme comprises some 259 unit shops including ten anchors and major space users including Marks & Spencer, Argos, Primark, Bhs, Boots, Debenhams, House of Fraser, WH Smith and Next. In addition there is a food court at third floor level, numerous restaurants and a nine screen cinema. There is also the Boardwalk situated adjacent to the lake. FREEHOLD	Leases are generally for 25 years with five yearly upward only rent reviews. Rents paid are based on the higher of 80% of rack rental value or a percentage of turnover. The leases are on effectively full repairing and insuring terms with landlord's costs reimbursed via a service charge. A limited number of units are let on leases reviewed to full 100% rack rental value.	£57,152,170	£1,092,500,000

This schedule should be read in conjunction with the Valuation dated 31 December 2012.

SCHEDULE A
VALUES NET OF PURCHASER'S COSTS (1)

Property	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rent	Market Value as at 31 December 2012
The Company's interest in Braehead Shopping Centre and Retail Park, Glasgow	A major out of town shopping centre located adjacent to junctions 25a/26 of the M8 motorway, approximately eight kilometres (five miles) to the west of Glasgow City Centre. The shopping centre opened in September 1999 and comprises approximately 1.136 million sq ft of retail and leisure space. The Property is arranged over two fully enclosed malls. Surface parking provides spaces for 6,500 cars. There are 110 unit shops including two anchors let to Primark and Marks & Spencer, five major space users let to New Look, H&M, Boots, WH Smith and Bhs situated at lower and upper mall levels. In addition there is a leisure element to the Property comprising a curling rink and a multi purpose arena. The retail park comprises 11 units totalling 260,000 sq ft of A1 Food (Sainsbury's unit) and bulky goods retail warehouse accommodation, anchored by Next at Home. Units range in size from 3,315 sq ft to 135,479 sq ft. HERITABLE	The majority of retail units are let on effectively full repairing and insuring leases for 15 years with provisions for five yearly upward only rent reviews. Rentals comprise a basic rent plus a turnover related element. The basic rent is reviewed to 80% of the rack rental value. A limited number of units are let on leases which have no turnover element and the tenant pays 100% of the rack rental value on review. The Marks and Spencer store and Sainsbury's unit on the retail park are let for terms of 125 years and the rent is fixed at a nominal figure throughout the term. The majority of the retail park is let on full repairing and insuring terms for 25 years with provisions for five yearly upward only rent reviews.	£30,933,301	£582,000,000

This schedule should be read in conjunction with the Valuation dated 31 December 2012.

SCHEDULE A
VALUES NET OF PURCHASER'S COSTS [1]

Property	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rent	Market Value as at 31 December 2012
The Company's interest in the Victoria Centre, Nottingham	The Property is situated to the north of the City Centre and opened for trade in 1972. The Property was extended in 1997 to provide additional car parking and retail accommodation; the Upper and Lower Malls have since been refurbished. The Property is arranged over two malls, of similar size. The prime pitch is on the Lower Mall, to the south leading off the main entrance on Milton Street/Lower Parliament Street. Including the anchor stores, the Property currently comprises approximately 120 retail units providing 981,000 sq ft of retail space and a local Market. The Property is anchored by House of Fraser and John Lewis. The Property also benefits from various MSU's, including Boots, Tesco Metro, WH Smith, Next and Argos. FREEHOLD In addition to the main shopping centre, the Company also owns the Freehold of neighbouring buildings. These comprise an adjacent office building and Argos on Lower Parliament Street. There is also a block of 464 residential flats immediately above the Property, which are let to Nottingham City Council, on a long lease at a peppercorn rent.	The majority of the leases are let on an internal repairing rack-rented basis, although approximately 10% comprise a turnover element. The turnover leases include a base rent, which is defined as 80% of estimated rental value. In addition to the base rent, a turnover top up rent is payable annually in arrears. There are a variety of lease lengths with lease expiries ranging from a few months to approximately 80 years. Most leases contain a provision for five yearly upwards only rent reviews. The main anchors are John Lewis, House of Fraser, Boots, Next and Tesco.	£16,506,765	£307,000,000

This schedule should be read in conjunction with the Valuation dated 31 December 2012.

SCHEDULE A
VALUES NET OF PURCHASER'S COSTS (1)

Property	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rent	Market Value as at 31 December 2012
The Company's interest in The Harlequin Centre, Watford	A town centre shopping centre trading on two main levels on a site of 3.80 hectares (9.39 acres). Comprises 725,000 sq ft and has 145 retail units including; six MSU's, 6 food/catering units and, three anchors let to John Lewis, Bhs and Marks & Spencer. In addition, there are ancillary storage units, seven residential units and self contained offices. The Property benefits from 4,550 car parking spaces within the Centre and nearby Satellite car parks. The Property was built in phases opening between September 1990 and June 1992. LEASEHOLD The Property is held on two full repairing leases having over 988 years unexpired, at a ground rent of 7% of net property income, on a side by side basis. The Satellite car parks held on internal repairing lease having 12 years unexpired (with an option to determine in 2015 exercisable by either party), at a current rent of circa £868,433 per annum exclusive with five yearly rent reviews, index linked.	The majority of retail units are let on effectively full repairing and insuring leases for 25 years with five yearly upward only rent reviews. Rents comprise basic rent plus a turnover related element, with reviews of basic rent to 80% of rack rental value. The stores let to Boots, John Lewis and Marks & Spencer are non-income producing. The catering units and kiosks are let on a variety of lease terms. The residential units are let on assured shorthold tenancies.	£18,157,773	£324,000,000

This schedule should be read in conjunction with the Valuation dated 31 December 2012.

THE ISSUER

Intu (SGS) Finance plc
35 Great St. Helen's
London EC3A 6AP

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HSBC Bank plc
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DEALERS

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London EC2M 2PP

PRINCIPAL PAYING AGENT, CALCULATION AGENT, REGISTRAR, PAYING AGENT AND TRANSFER AGENT

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LEGAL ADVISERS

To the Issuer and the Security Group
as to English Law

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