



Tesco Property Finance 3 plc

£ 958,450,000 Secured 5.744 per cent. Bonds due 13 April 2040

Issuer and Partnership Quarterly Report for the period covering July 2016 - October 2016

IPD 25

| | |
|----------------------------|-----------|
| Report Date | 06-Oct-16 |
| Loan Interest Payment Date | 10-Oct-16 |
| Calculation Date | 06-Oct-16 |
| Interest Payment Date | 13-Oct-16 |

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Prepared by HSBC Bank plc acting as Cash Manager for and on behalf of Tesco Property Finance 3 plc, The Tesco Passaic Limited Partnership, Tesco Passaic (Nominee 1) Limited, Tesco Passaic (Nominee 2) Limited and Tesco Passaic (GP) Limited.

1. Partnership Rent Account

| Opening Balance | | 5,000.00 | CR |
|-----------------|------------------------------------|-----------------|-------|
| DATE | ENTRY DETAILS | AMOUNT (£) | CR/DR |
| 28-Sep-16 | Rent | 14,367,881.87 | CR |
| 10-Oct-16 | To Partnership Transaction Account | 14,367,881.87 | DR |
| Closing Balance | | <u>5,000.00</u> | CR |

2. Partnership VAT Account

| Opening Balance | | 3,464,754.50 | CR |
|-----------------|---------------|---------------------|-------|
| DATE | ENTRY DETAILS | AMOUNT (£) | CR/DR |
| 25-Jul-16 | VAT Payment | 2,797,801.97 | DR |
| 28-Jul-16 | VAT Funding | 452.78 | CR |
| 28-Sep-16 | VAT Funding | 2,873,576.42 | CR |
| Closing Balance | | <u>3,540,981.73</u> | CR |

3. Partnership Transaction Account

| Opening Balance | | 381,521.78 | CR |
|-----------------|--------------------------|-----------------|-------|
| DATE | ENTRY DETAILS | AMOUNT (£) | CR/DR |
| 06-Oct-16 | Credit Interest | 634.63 | CR |
| 10-Oct-16 | Transfer from Rent | 14,367,881.87 | CR |
| 10-Oct-16 | Trustee Fee | 1,500.00 | DR |
| 10-Oct-16 | Ongoing Fee | 65,111.81 | DR |
| 10-Oct-16 | Expenses | 105,642.20 | DR |
| 10-Oct-16 | Partnership Swap receipt | 355,020.72 | CR |
| 10-Oct-16 | Partnership Debt | 14,456,591.48 | DR |
| 10-Oct-16 | Spenhill | 469,620.76 | DR |
| Closing Balance | | <u>6,592.75</u> | CR |

4. General Partner Corporation Tax Reserve Account

| Opening Balance | | - | CR |
|-----------------|---------------|------------|-------|
| DATE | ENTRY DETAILS | AMOUNT (£) | CR/DR |
| Closing Balance | | - | CR |

5. General Partner VAT Transaction Account

| | | | |
|-----------|-----------------|------------|-------|
| | Opening Balance | 164,947.74 | CR |
| DATE | ENTRY DETAILS | AMOUNT (£) | CR/DR |
| 07-Jul-16 | Credit Interest | 61.69 | CR |
| | Closing Balance | 165,009.43 | CR |

Expense Reserve Ledger - Max GBP 500,000.00

| | | | |
|-----------|--------------------------------|------------|----|
| DATE | ENTRY DETAILS | | |
| | Ledger Receipts to date | 381,521.76 | CR |
| 10-Oct-16 | Partnership Expenses Shortfall | 374,929.03 | DR |
| | Balance | 6,592.73 | CR |

6. Partnership Pre-Enforcement Priority of Payments

| Date | | Funds Paid Out of account (£) | Funds Received into account (£) |
|-----------|--|-------------------------------|---------------------------------|
| 10-Oct-16 | Partnership Available Funds | | |
| | a Rental Income | | 14,367,881.87 |
| | b Funds from Issuer under Partnership Swaps | | 14,456,632.00 |
| | c From Partnership VAT Account | | - |
| | d From Partnership Disposal Proceeds Account | | - |
| | e From Partnership Insurance Proceeds Account | | - |
| | f Interest received by the Partnership Accounts and Rent Account | | 634.63 |
| | g Eligible Investment Earnings by Partnership | | - |
| | h Advance under Committed Subordinated Loan Agreement | | - |
| | i Net proceeds of a CPO Disposal or a Mortgage Property | | - |
| | j Net proceeds of a disposal of a Mortgage Property | | - |
| | k Any other sums standing to the credit of the Partnership Transaction Ac | | 382,255.48 |
| | Partnership Pre-Enforcement Priority of Payments | | |
| | a Partnership Security Trustee Fees | 1,500.00 | |
| | b Issuer Security Trustee Fee, Bond Trustee, operating expenses of the Issuer (Ongoing Partnership Facility Fee) | 50,700.00 | |
| | c Partnership Operating Expenses excluding GP UK Tax | 19,426.50 | |
| | d Partnership Operator Fee | 86,215.70 | |
| | d Property Advisor Fee (Annual 25 K Jan) | - | |
| | d Nominees Corporate Services Provider Fee | - | |
| | d Nominees Holdco Corporate Services Provider Fee | - | |
| | d PL Propco Corporate Services Provider Fees | - | |
| | d Nominees Side Letter payments | - | |
| | d Nominees Holdco Side Letter payments | - | |
| | d Account Bank Fee | - | |
| | d Cash Manager Fee | - | |
| | Issuer Account Bank, PPA CM, CSP Fee (Ongoing Partnership Facility Fee) | 13,661.81 | |
| | d Headlease payment | - | |
| | e Partnership Expenses Ledger payment (max £6,250) | 7,326.45 | |
| | f Partnership Debt Interest | 13,494,296.48 | |
| | f Partnership Swap payment | 14,101,611.28 | |
| | g Partnership Debt Principal | 962,295.00 | |
| | Issuer Partnership Swap Termination Amount (Ongoing Partnership Facility Fee) | 750.00 | |
| | i Property Pool Manager Fee | 469,620.76 | |
| | j Partnership Swap Termination Amount | - | |
| | k Partnership Expenses Ledger payment | - | |
| | l Alteration Adjustment Rent | - | |
| | m Committed Subordinated Loan payment | - | |
| | n Partnership Distribution Account | - | |
| | Totals | 29,207,403.98 | 29,207,403.98 |

7. Issuer Transaction Account

| Opening Balance | | 39,951.95 | CR |
|-----------------|---------------------------|---------------|-------|
| DATE | ENTRY DETAILS | AMOUNT (£) | CR/DR |
| 06-Oct-16 | Credit Interest | 123.70 | CR |
| 13-Oct-16 | Issuer Swaps Receipts | 355,020.72 | CR |
| 13-Oct-16 | Partnership Debt | 14,456,591.48 | CR |
| 13-Oct-16 | Partnership Swap Pays | 355,020.72 | DR |
| 13-Oct-16 | Ongoing Fee | 65,111.81 | CR |
| 13-Oct-16 | HSBC Fee | 7,700.00 | DR |
| 13-Oct-16 | Notes | 14,456,591.48 | DR |
| 13-Oct-16 | Issuer Operating Expenses | 56,661.81 | DR |
| | Closing Balance | 40,825.65 | CR |

8. Issuer Pre-Enforcement Priority of Payments

| Date | | Funds Paid Out of account (£) | Funds Received into account (£) |
|-----------|--|-------------------------------|---------------------------------|
| 13-Oct-16 | | | |
| | Issuer Available Funds | | |
| | a Funds due to Issuer under Partnership Swap Agreement | | 14,101,611.28 |
| | b Amounts due to Issuer in respect of Partnership Loan | | 14,521,703.29 |
| | c Any amount due to Issuer under Issuer Swap Agreement | | 14,456,632.00 |
| | d Interest Received by Issuer on Transaction Account | | 123.70 |
| | e Eligible Investment Earnings | | |
| | Issuer Pre-Enforcement Priority of Payments | | |
| | a Bond Trustee Fee | 1,200.00 | |
| | a Issuer Security Trustee Fee | 1,500.00 | |
| | b Issuer Operating Expenses | 48,000.00 | |
| | c Issuer/Issuer Holdco Corporate Services Provider Fee | 8,661.81 | |
| | c Paying Agent Fee | 500.00 | |
| | c Account Bank Fee | 750.00 | |
| | c Cash Manager Fee | 3,750.00 | |
| | d Bond Interest | 13,494,296.48 | |
| | d Bond Principal | 962,295.00 | |
| | d Issuer Swap Provider | 14,101,611.28 | |
| | d Partnership Swap payment | 14,456,632.00 | |
| | e Issuer Profit | 750.00 | |
| | f Swap Subordinated Amounts | - | |
| | g Issuer Partnership Swap Termination Amount | - | |
| | h Issuer Transaction Account | 123.70 | |
| | Totals | 43,080,070.27 | 43,080,070.27 |

9. Bond Information

| | |
|------------------------|----------------------|
| Listing | Irish Stock Exchange |
| <u>Original Rating</u> | |
| Moody's | Ba1 |
| Standard and Poor's | BB+ |
| Fitch | BB+ |
| Offered Date | 07 July 2010 |
| Expected Maturity | 13 April 2040 |
| Issue Amount | £958,450,000 |
| ISIN code | XS0512401976 |
| Interest Rate | 5.744% p.a. |
| Current Factor | 0.980452021493035 |
| Next Factor | 0.979448009807501 |

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