

**WESTFIELD STRATFORD CITY FINANCE PLC**  
**(a public company with limited liability incorporated in England and Wales**  
**under registration number 9096081)**  
**£750,000,000 Commercial Real Estate Loan Backed Floating Rate Notes due 2024**

Westfield Stratford City Finance PLC (the “**Issuer**”) will issue £750,000,000 Commercial Real Estate Loan Backed Floating Rate Notes due 2024 (the “**Notes**”) on or about 16 October 2014 (the “**Closing Date**”).

This document (the “**Prospectus**”) comprises a prospectus, for the purpose of Directive 2003/71/EC (the “**Prospectus Directive**”). This Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank of Ireland**”) as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange Plc (the “**Irish Stock Exchange**”) for the Notes to be admitted to the Official List (the “**Official List**”) and trading on its regulated market (the “**Main Securities Market**”). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”).

The Notes will initially be represented by a temporary global note in bearer form (the “**Temporary Global Note**”), without interest coupons or talons, which will be deposited on the Closing Date with the Common Depository for Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. (“**Euroclear**” and, together with Clearstream, Luxembourg, the “**Clearing Systems**”). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the “**Permanent Global Note**” and, together with the Temporary Global Note, the “**Global Notes**”), without interest coupons or talons, on or after 25 November 2014, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances described in Condition 1(d) (*Form, Denomination and Title - Definitive Notes*).

If any withholding or deduction for or on account of tax is applicable to payments of interest on and/or repayments of principal of the Notes, such payments and/or repayments will be made subject to such withholding or deduction, without the Issuer or any other person being obliged to pay any additional amounts as a consequence.

The Notes will be limited recourse obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of Westfield Corporation, Crédit Agricole Corporate and Investment Bank, London Branch, Deutsche Bank AG, London Branch, their respective affiliates or any other person named in this Prospectus.

It is expected that the Notes, when issued, will be assigned ratings of AAAsf Fitch Ratings Limited (“**Fitch**”) and AAAsf from DBRS Ratings Limited (“**DBRS**”) (together, the “**Rating Agencies**”). Certain references are made in this Prospectus to Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”) and Moody’s Investors Service Ltd (“**Moody’s**”). Each of the Rating Agencies, S&P and Moody’s, is established in the European Union and is registered for the purposes of the EU Regulation on credit rating agencies (Regulation (EC) No. 1060/2009), as amended (the “**CRA Regulation**”).

The ratings assigned by Fitch and DBRS address the likelihood of (a) timely payment of any interest due to the Noteholders on each Note Payment Date, and (b) full payment of principal not later than the Final Maturity Date. The assignment of ratings to the Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Notes may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Issuer is of the opinion that Article 405 of Regulation (EU) No. 575/2013, referred to as the Capital Requirements Regulation (the “**CRR**”) or Article 17 of directive 2011/61/EU on Alternative Investment Fund Managers (“**AIFMD**”) and the level 2 measures included in Commission Delegated Regulation 231/2013 (the “**AIFMD Level 2 Regulation**”) does not apply to the Notes.

For a description of certain risks associated with an investment in the Notes, see the section entitled “**Risk Factors**”.

**Crédit Agricole CIB**

**The Arrangers and Joint Lead Managers**

**Deutsche Bank**

**The date of this Prospectus is 10 October 2014**

## IMPORTANT NOTICE

The Issuer accepts responsibility for the information contained in this Prospectus and has taken all reasonable care to ensure that the information given in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer has taken all reasonable care to ensure that the information stated herein is true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion. The Issuer has accurately reproduced the information contained in the sections entitled “**Liquidity Facility Providers**”, “**Swap Providers**” and “**Servicer and Special Servicer**” from information provided to it by each of the Liquidity Facility Providers, the Swap Providers, the Servicer and the Special Servicer respectively and as far as the Issuer is aware and is able to ascertain from information published by each of the Liquidity Facility Providers, the Swap Providers, the Servicer and the Special Servicer respectively, no facts have been omitted which would render such reproduced information inaccurate or misleading but, the Issuer has not independently verified such information.

Each of Stratford City Shopping Centre (No. 1) Limited Partnership, Stratford City Shopping Centre (No. 1) General Partner Limited (acting for itself and as the general partner of Stratford City Shopping Centre (No. 1) Limited Partnership), Stratford City Shopping Centre (No.2) Limited Partnership, Stratford City Shopping Centre (No. 2) General Partner Limited (acting for itself and as the general partner of Stratford City Shopping Centre (No. 2) Limited Partnership), Stratford City Shopping Centre (No. 2) Nominee A Limited, Stratford City Shopping Centre (No. 2) Nominee B Limited, Stratford City Car Park Limited, Stratford Utilities Limited, Stratford CCH Limited, Stratford City JV Business Manager Limited and Westfield Europe Limited accepts responsibility for the information contained in the Prospectus insofar as the same relates to each such entity and has taken all reasonable care to ensure that such information is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information. Each such entity has taken all reasonable care to ensure that such information is true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether fact or opinion.

Crédit Agricole Corporate and Investment Bank accepts responsibility for the information contained in the sections of this Prospectus entitled “*Liquidity Facility Providers*” and “*Swap Providers*”, insofar as the same relates to it and has taken all reasonable care to ensure that such information is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information. Crédit Agricole Corporate and Investment Bank has taken all reasonable care to ensure that such information is true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion.

Deutsche Bank AG, London Branch accepts responsibility for the information contained in the sections of this Prospectus entitled “*Liquidity Facility Providers*” and “*Swap Providers*”, insofar as the same relates to it and has taken all reasonable care to ensure that such information is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information. Deutsche Bank AG, London Branch has taken all reasonable care to ensure that such information is true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion.

Capita Asset Services (UK) Limited accepts responsibility for the information contained in the section of this Prospectus entitled “*Servicer and Special Servicer*”, insofar as the same relates to it and has taken all reasonable care to ensure that such information is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information. Capita Asset Services (UK) Limited has taken all reasonable care to ensure that such information is true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion.

The information contained in this Prospectus with respect to each of the Liquidity Facility Providers, the Swap Providers, the Servicer and the Special Servicer has been obtained from each Liquidity

Facility Provider, each Swap Provider, the Servicer and the Special Servicer (as applicable). Delivery of this Prospectus shall not create any implication that there has been no change in the affairs of the Liquidity Facility Providers, the Swap Providers, the Servicer and the Special Servicer since the date hereof or that the information contained or referred to herein is correct as of any time subsequent to this date.

None of the Arrangers, Joint Lead Managers, Issuer Related Parties or the Borrower Security Trustee (in the case of the Servicer and the Special Servicer, other than as described above in relation to the section entitled “*Servicer and Special Servicer*”, and in the case of the Liquidity Facility Providers and the Swap Providers, other than as described above in relation to the sections entitled “*Liquidity Facility Providers*” and “*Swap Providers*”, respectively), has separately verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Arrangers, Joint Lead Managers, Issuer Related Parties or the Borrower Security Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Notes. Each person receiving this Prospectus acknowledges that such person has not relied on any of the Arrangers, Joint Lead Managers, Issuer Related Parties or the Borrower Security Trustee or on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

CBRE Limited (the “**Valuer**”) accepts responsibility for the information contained in the Valuation Report. To the best of the knowledge of the Valuer (having taken all reasonable care to ensure that such is the case), the information set out in the Valuation Report in accordance with the facts and does not omit anything likely to affect the import of such information.

The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer, the Security Group, Westfield Corporation, Westfield Europe Limited, the Issuer Related Parties, the Borrower Security Trustee, Crédit Agricole Corporate and Investment Bank, London Branch or Deutsche Bank AG, London Branch (Crédit Agricole Corporate and Investment Bank, London Branch and Deutsche Bank AG London Branch in such capacities, the “**Arrangers**” and “**Joint Lead Managers**”) that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Security Group, Westfield Corporation, Westfield Europe Limited, the Note Trustee, the Issuer Security Trustee, the Borrower Security Trustee, the Arrangers or the Joint Lead Managers which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Joint Lead Managers have represented that all offers and sales by them will be made on such terms. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

No person is or has been authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, or any associated body of Crédit Agricole Corporate and Investment Bank or Deutsche Bank AG, the Arrangers, the Joint Lead Managers, the Issuer Related Parties, the Security Group, Westfield Europe Limited, Westfield Corporation or any of their respective affiliates or shareholders or the shareholders of the Issuer. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been any change in the information contained herein since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer, which obligations will be limited recourse obligations in accordance with the terms thereof. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, Crédit Agricole Corporate and Investment Bank or Deutsche Bank AG or any associated body of Crédit Agricole Corporate and Investment Bank or Deutsche Bank AG, or by the Issuer Related Parties, or by Westfield Corporation, or any of their respective affiliates or shareholders or the shareholders of the Issuer and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

This Prospectus is to be read in conjunction with the document which is incorporated herein by reference (see section entitled “*Document Incorporated by Reference*”).

## **OFFEREE ACKNOWLEDGEMENTS**

Each person receiving this Prospectus, by acceptance hereof, hereby acknowledges that this Prospectus has been prepared by the Issuer solely for the purpose of offering the Notes described in this Prospectus. Notwithstanding any investigation that the Arrangers and Joint Lead Managers may have made with respect to the information set forth in this Prospectus, this Prospectus does not constitute, and will not be construed as, any representation or warranty by the Arrangers or the Joint Lead Managers to the adequacy or accuracy of the information set forth herein. Delivery of this Prospectus to any person other than the prospective investor and those persons, if any, retained to advise such prospective investor with respect to the possible offer and sale of the Notes is unauthorised, and any disclosure of any of its contents for any purpose other than considering an investment in the Notes is strictly prohibited. A prospective investor will not be entitled to, and must not rely on this Prospectus unless it was furnished to such prospective investor directly by the Issuer or the Joint Lead Managers.

The obligations of the parties to the transactions described in this Prospectus are set forth in and will be governed by certain documents described in this Prospectus, and all of the statements and information contained in this Prospectus are qualified in their entirety by reference to such documents. This Prospectus contains summaries, which the Issuer believes to be accurate, of certain of these documents, but for a complete description of the rights and obligations summarised herein, reference is hereby made to the actual documents, copies of which may (on giving reasonable notice) be obtained from the Principal Paying Agent.

EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT (A) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF OR TO SUPPLEMENT THE INFORMATION HEREIN, (B) SUCH PERSON HAS NOT RELIED ON EITHER OF THE ARRANGERS OR THE JOINT LEAD MANAGERS OR ANY PERSON AFFILIATED WITH EITHER OF THE ARRANGERS OR THE JOINT LEAD MANAGERS IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION, (C) NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THE NOTES OTHER THAN AS CONTAINED HEREIN, AND IF GIVEN OR MADE, ANY SUCH OTHER INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED, AND (D) NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER WILL CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS AT ANY TIME SINCE THE DATE HEREOF. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN BUSINESS, LEGAL AND TAX ADVISERS FOR INVESTMENT, REGULATORY, LEGAL AND TAX ADVICE AND AS TO THE DESIRABILITY AND CONSEQUENCES OF AN INVESTMENT IN THE NOTES.

## **FORWARD-LOOKING STATEMENTS**

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Loan and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as “may”, “will”, “could”, “believes”, “expects”, “projects”, “anticipates”, “continues”, “intends”, “plans” or similar terms. Consequently, future results may differ from the expectations of the Issuer or the Security Group or Westfield Corporation as a result of a variety of factors, including (but not limited to) the economic environment and changes in governmental regulations, fiscal policy, planning or tax laws in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer, the Security Group and Westfield Corporation. Neither of the Arrangers or the Joint Lead Managers has attempted to verify any such statements, nor does it make any representation, express or implied, with respect thereto.

Prospective purchasers should, therefore, not place undue reliance on any of these forward-looking statements. None of the Issuer, the Security Group, Westfield Corporation, the Arrangers nor the Joint Lead Managers assume any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

### REFERENCES TO CURRENCY

All references in this document to “**sterling**” or “**pounds**”, or “**£**” are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland (the “**UK**” or the “**United Kingdom**”).

Websites referred to in this Prospectus do not form part of the Prospectus.

### GENERAL NOTICE TO INVESTORS

Other than the approval by the Central Bank of Ireland of this Prospectus as a “prospectus” in accordance with the requirements of the Prospectus Directive and the relevant implementing measures in Ireland, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part hereof) comes are required by the Issuer and the Joint Lead Managers to inform themselves about, and to observe, any such restrictions. Neither this Prospectus nor any part hereof constitutes an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe for or purchase any of the Notes and neither this Prospectus, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

For a further description of certain restrictions on offers and sales of the Notes and distribution of this Prospectus (or any part hereof) see the sections entitled “*Subscription and Sale*”.

In connection with this issue, Crédit Agricole Corporate and Investment Bank, London Branch and Deutsche Bank AG, London Branch (the “**Stabilising Managers**”) (or persons acting on behalf of the Stabilising Managers) may over-allot Notes (provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the 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 Managers (or persons acting on behalf of the Stabilising Managers) will undertake stabilisation action and there is no obligation on the Stabilising Managers to take any such action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier to occur of 30 days after the issue date and 60 days after the date of the allotment of the Notes. Any loss or profit sustained as a consequence of any such over-allotment or stabilising shall be for the account of the Stabilising Managers.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY STATE SECURITIES LAWS NOR HAS THE ISSUER BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940. THE NOTES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS. THE NOTES ARE BEING SOLD TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT (“**REGULATION S**”).

### REGULATORY DISCLOSURE

The Issuer is of the opinion that the transaction described in this Prospectus in connection with the issuance of the Notes (the “**Transaction**”) is not a “securitisation” for the purposes of Article 405 of

the CRR and Article 17 of the AIFMD (which contains provisions similar to those in Article 405 of the CRR) for the reasons set out below.

The definition of "securitisation" in the context of Article 405 of the CRR and Article 17 of the AIFMD is unclear and there is little regulatory guidance on its application to transactions of this type. In reaching the conclusion that the Transaction is not a "securitisation" for the purposes of these provisions, it is, therefore, necessary and appropriate for the Issuer to have regard to, *inter alia*, the recitals to the CRD to establish the purpose of Article 405 and the type of transaction with which it is concerned. Article 405 is primarily concerned with securitisations of existing exposures such as an existing credit claim or pool of existing credit claims. With regard to the risk retention requirement, Recital (57) of the CRR indicates that the risk retention requirement is aimed to ensure that there is an alignment between the interests of undertakings that repackage loans into tradable securities (originators or sponsors) and investors in those securities. The Transaction does not involve a repackaging of loans.

The definition of "securitisation" is a test of economic substance and a purposive construction of the definition suggests that, as used in Article 405, it is primarily concerned with existing credit claims in respect of which a person already has exposure in circumstances where there is a misalignment of interests. This is supported by Article 242 of the CRR which distinguishes between a "synthetic securitisation" and a "traditional securitisation". The Transaction is not a "synthetic securitisation" because there is no transfer of risk through the use of credit derivatives and it is not a "traditional securitisation" because there is no transfer of securitised exposures from an "originator institution" to a special purpose entity.

In the context of the Transaction:

- (a) the Loan will not exist prior to the Closing Date but will instead be created as a result of the Transaction – there is no existing credit risk which will be transferred actually or synthetically;
- (b) the "exposure" of the Noteholders under the Transaction is to the Security Group and its business as a single entity through the medium of the Notes and Loan. As the Security Group's obligations under the Loan are full recourse corporate credit obligations, there can be no misalignment between the interests of the Security Group (as the persons for whose benefit the Transaction is being implemented) and the Noteholders.

The Issuer is aware that certain market participants are of the view that Recital (50) to the CRR which states that "*an exposure that creates a direct payment obligation for a transaction or scheme used to finance or operate physical assets should not be considered an exposure to a securitisation, even if the transaction or scheme has payment obligations of different seniority*" applies to commercial real estate financings because the term "physical assets" could encompass real estate. However, at the date of this Prospectus there has been no guidance in the CRR or from the European Banking Authority as to the meaning of "physical assets" and the Issuer has not relied on Recital (50) in reaching the conclusion that the transaction is not a "securitisation".

Investors in the Notes are responsible for analysing their own regulatory position and independently assessing and determining whether or not Article 405 of the CRR or, as the case may be, Article 17 of the AIFMD will be applied to their exposure to the Notes and, therefore, prospective investors should not rely on the Issuer's interpretation set out above. Investors subject to the CRR 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 405 of the CRR and Article 17 of the AIFMD and/or any further change to thereto, regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and have a negative impact on the price and liquidity of the Notes in the secondary market.

None of the Issuer, the Issuer Related Parties, the Security Group, Westfield Corporation, the Borrower Security Trustee, the Arrangers or the Joint Lead Managers makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.

## **DOCUMENT INCORPORATED BY REFERENCE**

This Prospectus should be read and construed in conjunction with the Valuation Report. Such document 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 the Valuation Report incorporated by reference in this Prospectus may be obtained (without charge) from the Irish Stock Exchange's website at <http://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=-1&uID=5481&FIELDSORT=docId>.

## VALUATION DISCLAIMER

The Borrower engaged CBRE Limited of 10 Paternoster Row EC4M 7HP, London, United Kingdom, to carry out an independent valuation report (the “**Valuation Report**”) of the Property as at 28 May 2014 in accordance with the Royal Institution of Chartered Surveyors (“**RICS**”) RICS Valuation – Professional Standards – Global and UK (published by RICS and effective from January 2014) (the “**RICS Valuation Standards**”).

The Valuation Report is incorporated by reference into this Prospectus (see section entitled “*Document Incorporated by Reference*”). Prospective investors should be aware that the Valuation Report was prepared prior to the date of this Prospectus. The Valuer has not been requested to update or revise any of the information contained in the Valuation Report, nor will it be asked to do so prior to the issue of the Notes. Accordingly, the information included in the Valuation Report may not reflect the current physical, economic, competitive, market or other conditions with respect to the Property. None of the Joint Lead Managers, the Arrangers, the Issuer Related Parties or the Common Depositary is responsible for the information contained in the Valuation Report.

The Valuer does not have any material interest in the Issuer or any member of the Security Group. The Valuer (i) has given and has not withdrawn its written consent both to the distribution of the Valuation Report, and to references to the Valuation Report in the form and context in which they appear; and (ii) has authorised and accepts responsibility for information extracted from the Valuation Report which is incorporated by reference into this Prospectus.

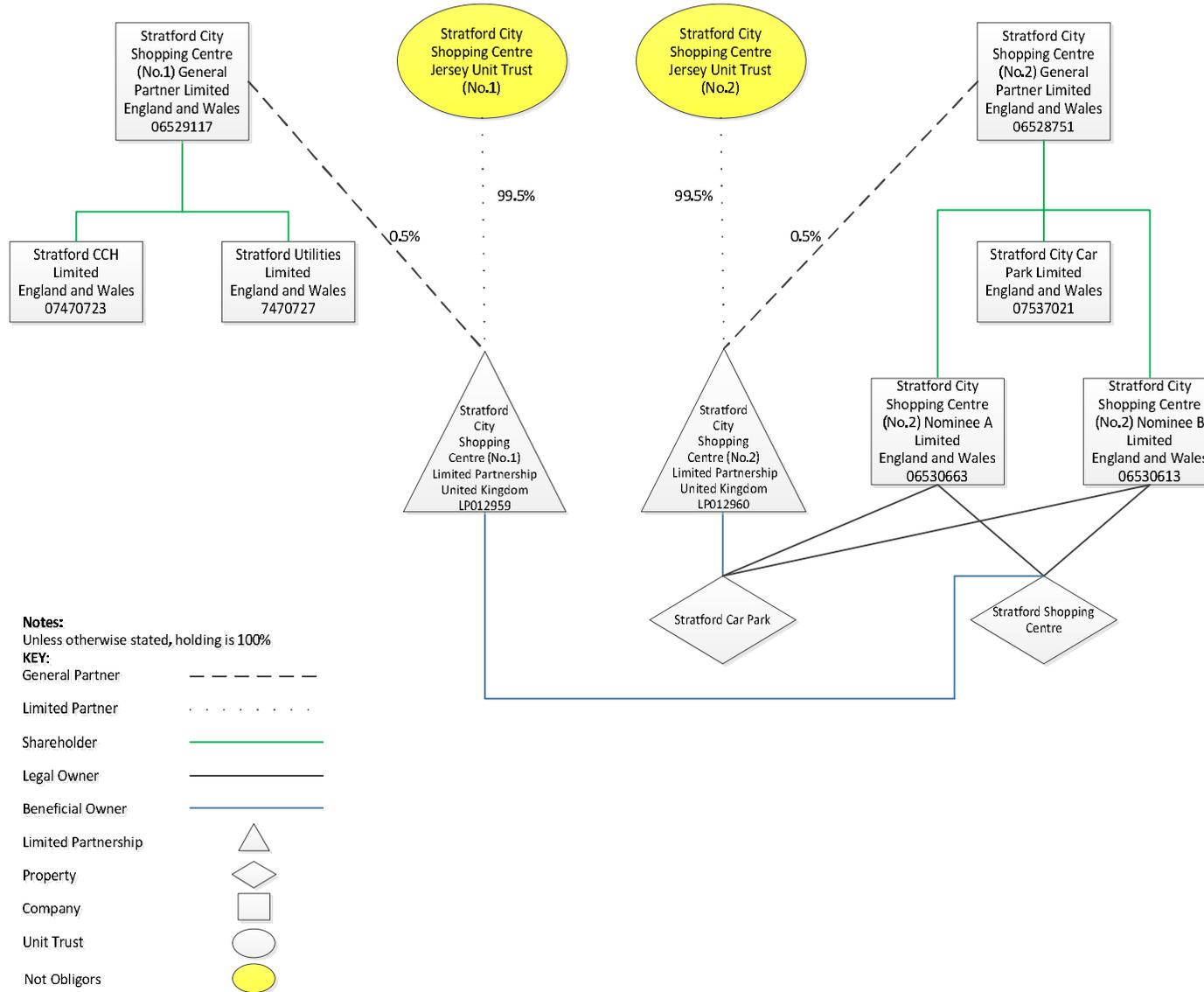
The information contained in the Valuation Report must be considered together with all of the information contained elsewhere in this Prospectus, including without limitation, the statements made in the section entitled “*Risk Factors – Risks Relating to the Limitations of Valuations*”. All of the information contained in the Valuation Report is subject to the same limitations, qualifications and restrictions contained in the other portions of the Prospectus. Prospective investors are strongly urged to read this Prospectus in its entirety prior to accessing the Valuation Report.

In order to satisfy the requirements of certain investors, one of the Arrangers engaged Savills (UK) Limited (a member of the RICS) to carry out an independent valuation of the Property as at 26 September 2014 in accordance with the Red Book. Only the valuations in the Valuation Report have been used for the purposes of this Prospectus.

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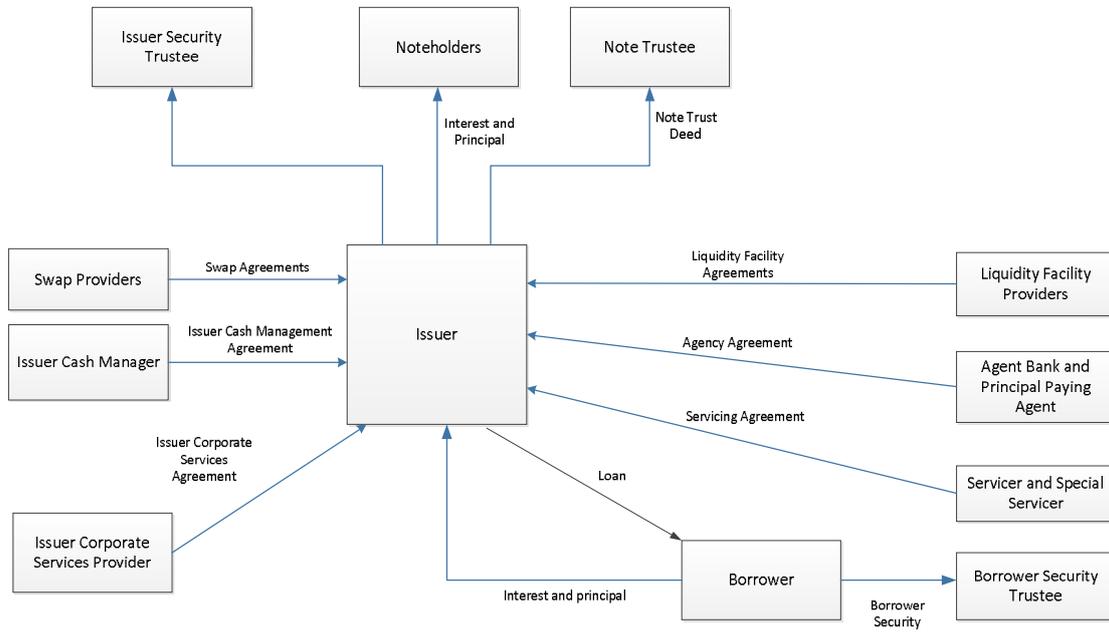
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## DIAGRAMMATIC OVERVIEW OF THE OWNERSHIP STRUCTURE OF THE BORROWER AND OTHER OBLIGORS



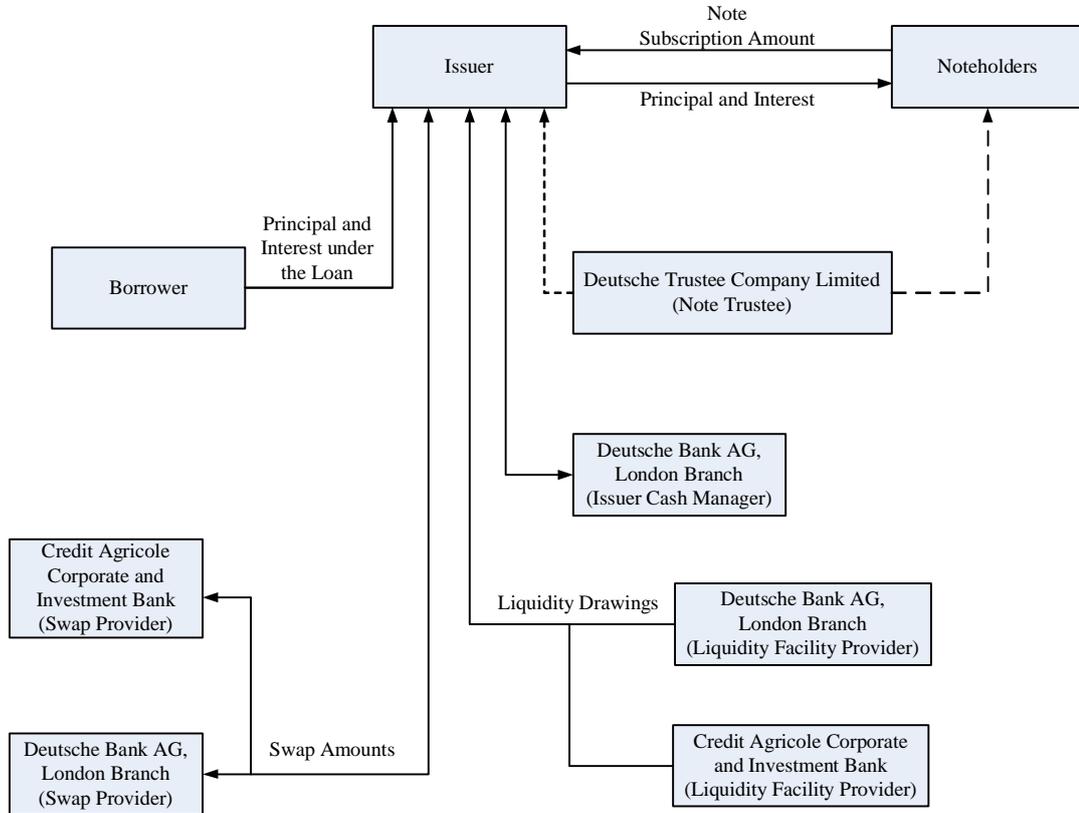
## DIAGRAMMATIC OVERVIEW OF THE TRANSACTION

The following diagram sets out the key transaction parties and the primary contractual arrangements to which they are a party. It is not intended to be an exhaustive description of such matters.



## DIAGRAMMATIC OVERVIEW OF ON-GOING CASHFLOW

The diagram below highlights the structure and cashflow for the transaction. It is not intended to be an exhaustive description of such matters. Prospective Investors should also review the detailed information set out elsewhere in this Prospectus for a more detailed description of the transaction structure and relevant cashflows prior to making any investment decision.



————— Indicates payment flows

- - - - - Indicates trust relationships

## TRANSACTION OVERVIEW

*The information in this section is an overview of the principal features of the Notes and certain related transactions. This overview is not complete and should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus.*

*Capitalised terms used, but not defined, in this section can be found in other sections of this Prospectus, unless otherwise stated.*

### Key Features of the Notes

<b>Initial Principal Amount</b>	£750,000,000.
<b>Issue Price</b>	100 per cent.
<b>Interest Rate</b>	Three-month Sterling LIBOR plus a margin of 0.86 per cent. per annum.(1).
<b>Note Payment Dates</b>	4th day of February, May, August and November, with the first Note Payment Date being the 4th day of February 2015.
<b>Interest Accrual Method</b>	Actual/365.
<b>Business Day Convention</b>	Modified Following.
<b>Mandatory Redemption Prior to Note Acceleration Notice</b>	Pursuant to the Loan, voluntary prepayments of the Loan, certain disposal proceeds, certain insurance proceeds and certain cure payments (see Condition 5(b) ( <i>Redemption and Cancellation - Mandatory Redemption from Prepayment Funds</i> )).
<b>Clean Up Call</b>	If the aggregate Principal Amount Outstanding of all Notes is less than 10 per cent. of the Principal Amount Outstanding on the Closing Date.
<b>Other Early Redemption Events</b>	Tax events relating to the Notes, the Issuer, the Loan or the Swap Agreements
<b>Expected Maturity Date(2)</b>	4 November 2019.
<b>Final Maturity Date</b>	4 November 2024.
<b>Underlying Assets</b>	Payments of principal (if any prior to the Expected Maturity Date) and interest received with respect to a £750,000,000 loan (the “ <b>Loan</b> ”) which will be advanced by the Issuer from the proceeds of the Notes to Stratford City Shopping Centre (No. 1) Limited Partnership (the “ <b>Borrower</b> ”) on the Closing Date and which will be secured by, among other things, a charge over the Westfield Stratford City retail shopping centre in London.
<b>Liquidity Support</b>	Liquidity Facilities in the aggregate amount of £31,200,000 on the Closing Date.
<b>Ratings(3)</b>	AAAsf Fitch and AAA(sf) from DBRS.

<b>Retention Undertaking</b>	The Issuer is of the opinion that Article 405 of Regulation (EU) No. 575/2013, referred to as the Capital Requirements Regulation, does not apply to the Notes.
<b>Form of the Notes</b>	Global Note in bearer form. Definitive Notes will be issued in limited circumstances.
<b>Listing</b>	Ireland.
<b>ISIN</b>	XS1093970751
<b>Common Code</b>	109397075
<b>Clearance/Settlement</b>	Clearstream, Luxembourg and Euroclear.
<b>Minimum Denomination</b>	£100,000 and integral multiples of £1,000 in excess thereof.
<b>Governing law</b>	English.

- (1) The Notes will bear interest at three-month Sterling LIBOR plus the Margin specified above. For each Note Interest Period occurring after the Expected Maturity Date, the Notes will bear interest at the lesser of (i) three-month Sterling LIBOR and (ii) 8 per cent. per annum, plus the Margin specified above.
- (2) Based on the assumptions set out in the section entitled “*Yield, Repayment and Maturity Considerations*”.
- (3) It is a condition to issuance of the Notes that the Notes receive the ratings set forth above. Ratings shown are those of Fitch and DBRS. See the section entitled “*Risk Factors-The Notes-Ratings of Notes*” in this Prospectus. The Rating Agencies have informed the Issuer that the “sf” designation in the ratings represents an identifier of structured finance product ratings and was implemented by the rating agencies for ratings of structured finance products in August 2010. For additional information about this identifier, prospective investors can go to [www.fitchratings.com](http://www.fitchratings.com) and [www.dbrs.com](http://www.dbrs.com).
- (4) The Rating Agencies have informed the Issuer that the “sf” designation in the ratings represents an identifier of structured finance product ratings and was implemented by the Rating Agencies for ratings of structured finance products as of August 2010. For additional information about this identifier, prospective investors can go to [www.dbrs.com](http://www.dbrs.com) and [www.fitchratings.com](http://www.fitchratings.com).

#### Issuer and Issuer Related Parties

<b>Party</b>	<b>Name and Address</b>	<b>Further Information</b>
“ <b>Issuer</b> ”	Westfield Stratford City Finance PLC	See the section entitled “The Issuer” for further information.
“ <b>Servicer</b> ”	Capita Asset Services (UK) Limited	The Servicer will act as servicer of the Loan pursuant to a servicing agreement to be entered into on the Closing Date between, among others, the Issuer, the Issuer Security Trustee and the Servicer (the “ <b>Servicing Agreement</b> ”). See the section entitled “ <i>Servicing Arrangements for the Loan</i> ” for further information.

<b>Party</b>	<b>Name and Address</b>	<b>Further Information</b>
<b>“Special Servicer”</b>	Capita Asset Services (UK) Limited	The Special Servicer will act as special servicer of the Loan pursuant to the Servicing Agreement (together with the Servicer, the “ <b>Servicing Entities</b> ”). See the section entitled “ <i>Servicing Arrangements for the Loan</i> ” for further information.
<b>“Issuer Cash Manager”</b>	Deutsche Bank AG, London Branch	The Issuer Cash Manager will be appointed pursuant to an issuer cash management agreement to be entered into on the Closing Date between, among others, the Issuer Cash Manager, the Issuer Account Bank, the Issuer Security Trustee and the Issuer (the “ <b>Issuer Cash Management Agreement</b> ”). See the section entitled “ <i>Cash Management - Issuer Cash Manager</i> ” for further information.
<b>“Issuer Account Bank”</b>	Deutsche Bank AG, London Branch	The Issuer Account Bank will be appointed pursuant to the Issuer Cash Management Agreement to be entered into on the Closing Date between the Issuer Account Bank and others. See the section entitled “ <i>Bank Accounts</i> ” for further details.
<b>“Liquidity Facility Providers”</b>	Crédit Agricole Corporate and Investment Bank and Deutsche Bank AG, London Branch	The Liquidity Facility Providers will provide liquidity facilities pursuant to separate liquidity facility agreements to be entered into on the Closing Date between each Liquidity Facility Provider, the Issuer and the Issuer Security Trustee (the “ <b>Liquidity Facility Agreements</b> ”). See the section entitled “ <i>The Liquidity Facility Agreements</i> ” for further information.
<b>“Swap Providers”</b>	Crédit Agricole Corporate and Investment Bank and Deutsche Bank AG, London Branch	The Swap Providers will act as swap providers to the Issuer pursuant to swap documentation to be entered into on or about the Closing Date between the Issuer and each Swap Provider (the “ <b>Swap Agreements</b> ”) and related transactions. See the section entitled “ <i>The Swap Arrangements</i> ” for further information.
<b>“Agent Bank” and “Principal Paying Agent”</b>	Deutsche Bank AG, London Branch	The Agent Bank and Principal Paying Agent (together with any other paying agent appointed pursuant to the Agency Agreement, the “ <b>Paying Agents</b> ”) will be appointed pursuant to an agency agreement to be entered into on the Closing Date between, among others, the Principal Paying Agent, the Agent Bank and the Issuer (the “ <b>Agency Agreement</b> ”). See the section entitled “ <i>Terms and Conditions of the Notes</i> ” for further information.

<b>Party</b>	<b>Name and Address</b>	<b>Further Information</b>
<b>“Note Trustee”</b>	Deutsche Trustee Company Limited	The Note Trustee will act as trustee for the holders of the Notes pursuant to a note trust deed (the <b>“Note Trust Deed”</b> ) between the Note Trustee, the Issuer Security Trustee and the Issuer. See the section entitled <i>“The Description of Note Trust Deed”</i> for further information.
<b>“Issuer Security Trustee”</b>	Deutsche Trustee Company Limited	The Issuer Security Trustee will act as security trustee and hold on trust for itself and the other Issuer Secured Creditors the security granted by the Issuer in favour of the Issuer Secured Creditors pursuant to the Issuer Deed of Charge. See the section entitled <i>“Terms and Conditions of the Notes”</i> for further information.
<b>“Issuer Corporate Services Provider”</b>	Deutsche Bank AG, London Branch	The Issuer Corporate Services Provider will act as corporate services provider to the Issuer pursuant to a corporate services agreement to be entered into on the Closing Date between, among others, the Issuer and the Issuer Corporate Services Provider (the <b>“Issuer Corporate Services Agreement”</b> ). See the section entitled <i>“The Issuer”</i> for further information.
<b>“Borrower Security Trustee”</b>	Capita Trust Company Limited	The Borrower Security Trustee will act as security trustee and will hold on trust for itself and the Issuer as lender of the Loan and the Borrower Account Bank (the <b>“Borrower Finance Parties”</b> ) the security granted by the Obligors in favour of the Borrower Security Trustee for the benefit of, <i>inter alios</i> , the Issuer pursuant to the Borrower Deed of Charge. See the section entitled <i>“Borrower Deed of Charge”</i> for further information.

Each of the Servicer, the Special Servicer, the Note Trustee (and any appointee thereof), the Issuer Security Trustee (and any appointee thereof), any receiver appointed pursuant to the terms of the Issuer Deed of Charge, the Issuer Cash Manager, the Issuer Account Bank, the Agent Bank, the Principal Paying Agent, the Issuer Corporate Services Provider, the Swap Providers and the Liquidity Facility Providers are together referred to in this Prospectus as the **“Issuer Related Parties”**.

### **Key Features of the Loan and Servicing**

#### *The Loan*

The Issuer will apply the proceeds of the issuance of the Notes to make the Loan to the Borrower on the Closing Date pursuant to a facility agreement dated the Closing Date between, *inter alios*, the Issuer, the Borrower and the Borrower Security Trustee (the **“Issuer/Borrower Facility Agreement”**). The aggregate initial principal amount of the Loan will be equal to the aggregate initial principal amount of the Notes.

The Borrower will apply the proceeds of the Loan (a) to repay existing indebtedness of the Borrower incurred pursuant to the Existing Facilities in connection with the development of the Property, (b) to pay refinancing and transaction costs and (c) for its general corporate purposes.

#### *Application of funds received by the Issuer under the Issuer/Borrower Facility Agreement*

The Issuer will apply (i) the interest payments received under the Issuer/Borrower Facility Agreement to make interest payments on the Notes, (ii) the repayments and prepayments of principal under the Issuer/Borrower Facility Agreement to repay and prepay, respectively, the principal of the Notes and (iii) Facility Fees to pay the Issuer's fees and expenses.

#### *Security for the Borrower's obligations under the Issuer/Borrower Facility Agreement*

The obligations of the Borrower under the Issuer/Borrower Facility Agreement will be secured in favour of the Borrower Security Trustee pursuant to a deed of charge and assignment to be dated the Closing Date between, *inter alios*, the Borrower, the other Obligor and the Borrower Security Trustee (the "**Borrower Deed of Charge**"). The security granted pursuant to the Borrower Deed of Charge (the "**Borrower Security**") will be held by the Borrower Security Trustee for itself and the other Borrower Finance Parties and will include security over all of the assets and property of the Borrower and the other Obligors (including a first ranking legal mortgage over the Property). In addition, Stratford City JV Business Manager Limited will grant security over its shares in each of Stratford City Shopping Centre (No. 1) General Partner Limited (the "**Borrower General Partner**", and Stratford City Shopping Centre (No.2) General Partner Limited (the "**Car Park General Partner**").

The Loan may be prepaid in certain limited circumstances (in whole or in part) by the Borrower subject, in certain circumstances, to the payment by the Borrower of an amount equal to any Early Redemption Premium payable by the Issuer in connection with a corresponding early redemption of the Notes.

The Issuer/Borrower Facility Agreement and the Borrower Deed of Charge will be governed by English law.

For a more detailed description of the terms of the Issuer/Borrower Facility Agreement and the Borrower Deed of Charge, see the sections entitled "Issuer/Borrower Facility Agreement" and "Borrower Deed of Charge". The Loan will not be subject to scheduled amortisation during the loan term.

#### **Servicing of the Loan**

Pursuant to the Servicing Agreement, the Issuer and the Borrower Security Trustee will appoint (a) the Servicer to be the primary entity to service and administer the Loan until the occurrence of a Special Servicer Transfer Event and (b) the Special Servicer as special servicer of the Loan and Borrower Security. Pursuant to the Servicing Agreement, the Servicer and Special Servicer will exercise all rights, powers and discretions of the Issuer and the Borrower Security Trustee in respect of the Loan and the Borrower Security in accordance with the Servicing Standard and the Transaction Documents.

The appointment of the Servicer or the Special Servicer may be terminated by the Issuer Security Trustee upon the occurrence of certain termination events including:

- a) the failure to remit any payment required to be remitted by it under the Servicing Agreement; or
- b) a default in performance of certain agreements or obligations under the Servicing Agreement; or
- c) the occurrence of certain insolvency events in relation to the Servicer or the Special Servicer.

The appointment of the person then acting as Servicer in relation to the Loan may also be terminated without cause upon the Noteholders passing an Extraordinary Resolution to such effect, provided that a replacement servicer has been appointed by the Issuer.

The appointment of the person then acting as Special Servicer in relation to the Loan may also be terminated upon the Operating Adviser notifying the Issuer that it requires a replacement Special Servicer to be appointed.

The Servicer and the Special Servicer may resign upon giving not fewer than three months' notice, provided that a replacement servicer or special servicer has been appointed by the Issuer.

The Servicer and the Special Servicer may, in certain circumstances, delegate some of their servicing functions to a third party provided that the Servicer and the Special Servicer remain responsible for the performance of any functions so delegated. The Servicer and the Special Servicer will generally not be held to be negligent for relying on advice provided by an adviser.

The Servicing Agreement will be governed by English law.

See the section entitled “*Servicing Arrangements for the Loan*” for further information.

### **Collection Arrangements**

The Managing Agent collects Rental Income from the Tenants on a quarterly basis in most cases (see the section entitled “*Management of the Property*” for further details). However, whilst a Loan Event of Default is outstanding, the Managing Agent will continue to collect the Rental Income but an amount equal to the Cash Sweep Amount will be transferred on a daily basis to the Debt Service Account from the Operating Accounts (see the section entitled “*Issuer/Borrower Facility Agreement*”).

Summary of the Terms and Conditions of the Notes

See the section entitled “*Terms and Conditions of the Notes*” for the terms and conditions of the Notes.

**Ranking** The Notes will constitute direct, unconditional, limited recourse and secured obligations of the Issuer and the Notes will rank *pro rata* and *pari passu* without any preference or priority among themselves as to payments of interest and principal at all times.

**Form** Each Note is being offered outside the United States in reliance on Regulation S to non-U.S. persons.

The Notes will initially be represented by one Global Note, in bearer form, which will be deposited with the Common Depositary, for the account of Euroclear and Clearstream, Luxembourg. Definitive Notes in certificated form will be issued only in the limited circumstances set out in Condition 1(d) (*Issuance of Definitive Notes*) of the terms and conditions of the Notes (the “**Conditions**”).

**Security** The Notes will be secured pursuant to the Issuer Deed of Charge by the security (the “**Issuer Security**”) described in Condition 2(b) (*Security and Priority of Payments*). The Issuer Security will include:

- (a) an assignment by way of first fixed security over the Issuer's rights, title, interest and benefit, present and future in, to and under the Borrower Finance Documents to which it is a party and the Borrower Security;
- (b) an assignment by way of first fixed security of the Issuer's rights, title, interest and benefit present and future, in the Issuer Transaction Documents to which it is a party (subject to any right of set-off or netting provided for under the Swap Agreements) and all other contracts to which the Issuer is or may become a party;

- (c) a first fixed charge over the Issuer's rights, title, interest and benefit, present and future in, to and under the Issuer Transaction Account, the Stand-by Accounts, and any other bank or securities account in England and Wales (other than the Swap Collateral Cash Accounts and the Swap Collateral Custody Accounts (if any)), and in which the Issuer may at any time acquire any right, title, interest or benefit or otherwise place and hold its cash or securities resources, and in the funds or securities from time to time standing to the credit of such accounts and in the debts represented thereby;
- (d) a first fixed charge in and to the Issuer's rights, title, interest and benefit present and future, in and to such Eligible Investments made by or on behalf of the Issuer using moneys standing to the credit of the Issuer Accounts (other than the Swap Collateral Cash Accounts and the Swap Collateral Custody Accounts (if any)) and all moneys, income and proceeds payable thereunder or accrued thereon and the benefit of all covenants relating thereto and all rights and remedies enforcing the same;
- (e) a first fixed charge (for the benefit of each Swap Provider only for the payment and discharge of the Issuer's obligations to pay any Return Amount, Interest Amount or Distribution (each as defined in the relevant Swap Agreement) or pay any Swap Termination Payment to the relevant Swap Provider under its Swap Agreement) over all its rights, title, interest and benefit both present and future in and to all sums of money or securities which are from time to time and at any time standing to the credit of the relevant Swap Collateral Cash Account and the relevant Swap Collateral Custody Account (if any), and any Eligible Investments made using the amounts standing to the credit thereof and in the debts represented thereby; and
- (f) a first-ranking floating charge over the whole of the undertaking and assets of the Issuer, present and future (other than the assets secured by the fixed charges set out in paragraphs (a) to (d) above and the Swap Collateral Cash Accounts and the Swap Collateral Custody Accounts (if any)).

The obligations of the Issuer to certain of the other Issuer Secured Creditors rank senior to the Issuer's obligations under the Notes as set out in the Issuer Priorities of Payment.

**Interest Provisions**

Interest on the Notes will, subject as provided below in relation to the first Note Payment Date, be payable quarterly in arrear in sterling on the 4th day of February, May, August and November in each year (or, if such day is not a Business Day, the next following Business Day unless such Business Day falls in the next following calendar month, in which event the immediately preceding Business Day) (each such day being, a “**Note Payment Date**”), in respect of the Note Interest Period ending immediately prior thereto. The first Note Payment Date will be the Note Payment Date falling in February 2015.

Interest on the Notes is payable by reference to successive Note Interest Periods (each, a “**Note Interest Period**”). The first Note Interest Period will commence on (and include) the Closing Date and end on (but exclude) the Note Payment Date falling in February 2015. Each successive Note Interest Period will commence on (and include) the next (or first) Note Payment Date and end on (but exclude) the following Note Payment Date.

The rate of interest applicable to each Note for each Note Interest Period will be calculated and set on, in respect of the first Note Interest Period, the Closing Date and, in respect of all subsequent Note Interest Periods, on the Note Payment Date (each, a “**Interest Rate Determination Date**”).

The interest rate applicable to the Notes from time to time (the “**Rate of Interest**”) will be LIBOR for three-month Sterling deposits plus a margin of 0.86 per cent. (the “**Margin**”).

For each Note Interest Period occurring from and after the Expected Maturity Date, the Notes will bear interest at the lesser of (i) three-month Sterling LIBOR and (ii) 8 per cent. per annum, plus the Margin.

Interest in respect of any of the Notes for any period will be calculated on the basis of actual days elapsed and a 365-day year.

**Failure to pay  
Interest and  
Principal**

Subject to the relevant grace period, failure by the Issuer to pay interest or principal on the Notes when due and payable will result in a Note Event of Default (as defined in Condition 9 (*Note Events of Default*)), which may, subject to the Conditions, result in the Issuer Security Trustee enforcing the Issuer Security.

**Gross-up**

None of the Issuer or any Paying Agent will be obliged to gross-up if there is any withholding or deduction in respect of the Notes on account of taxes. See section entitled “*Risk Factors - The Notes - Withholding Tax in respect of the Notes*”.

**Redemption**

Unless previously redeemed in full, the Notes are expected to be redeemed in full on the Note Payment Date falling in November 2019 (the “**Expected Maturity Date**”), being the Note Payment Date immediately following the Loan Maturity Date, and the Notes will, in any event, be redeemed in full at their Principal Amount outstanding together with any accrued interest no later than the Note Payment Date falling in November 2024 (the “**Final Maturity Date**”). Before the Expected Maturity Date and the Final Maturity Date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances as set out in Condition 5 (*Redemption and Cancellation*).

The Notes may be redeemed in whole or in part (as applicable) in connection with the following optional or mandatory redemption events.

- Mandatory early redemption in part on each Note Payment Date by applying any Prepayment Funds related to such Note Payment Date to redeem the Notes after satisfaction of all amounts due from the Issuer which rank in priority to repayments of principal in respect of the Notes pursuant to Condition 5(b) (*Redemption and Cancellation - Mandatory Redemption from Prepayment Funds*).
- If an early mandatory redemption of the Notes pursuant to Condition 5(b) occurs following a prepayment of the Loan as a result of (i) a voluntary prepayment or (ii) a mandatory prepayment made from disposal proceeds, the Issuer shall pay an early redemption premium (the “**Early Redemption Premium**”) equal to:

- (a) if the redemption occurs on or prior to the Note Payment Date falling in November 2015, 2.00 per cent. of the principal amount of the Notes to be redeemed; or
- (b) if the redemption occurs after the Note Payment Date falling in November 2015 but on or prior to the Note Payment date falling in November 2016, 1.00 per cent. of the principal amount of the Notes to be redeemed.

No Early Redemption Premium will be payable in respect of an early redemption after the Note Payment Date falling in November 2016.

- Optional redemption in full exercisable by the Issuer on any date on which the Issuer satisfies the Note Trustee that certain events including that by virtue of a change in law from that in effect on the Closing Date (a) on the next Note Payment Date, the Issuer will be obliged to make any withholding or deduction from payments of principal or interest in respect of the Notes on account of any present or future taxes; (b) the Issuer would cease to be a “securitisation company” (as defined in the Taxation of Securitisation Regulations 2006 (SI 2006/3296), and there would be a material increase in the liabilities of the Issuer as a result thereof; (c) the Borrower would be required on the next Loan Interest Payment Date, to make any withholding or deduction for on or account of any taxes in respect of payments to be made pursuant to the Issuer/Borrower Facility Agreement; (d) it will become unlawful for the Issuer to perform any of its obligations under the Issuer/Borrower Facility Agreement or to fund or maintain its participation in the Loan; or (e) a Swap Provider would be entitled to terminate a Swap Agreement as a result of the Issuer or the relevant Swap Provider being required to make any withholding or deduction for on account of any taxes from payments in respect of the relevant Swap Agreement (these events are described in detail in Condition 5(c) (*Optional Redemption for Tax or Other Reasons*)).

Optional redemption exercisable by the Issuer on a Note Payment Date upon giving not more than 60 nor fewer than 30 days' written notice to the Note Trustee, the Issuer Security Trustee, the Paying Agents, the Swap Providers and to the Noteholders provided that the then aggregate Principal Amount Outstanding of all of the Notes would be less than 10 per cent. of their aggregate Principal Amount Outstanding as at the Closing Date on such Note Payment Date as described in Condition 5(d) (*Redemption and Cancellation - Optional Redemption in Full*).

#### **Note Maturity Plan**

If the Loan remains outstanding six months prior to the Final Maturity Date of the Notes and all recoveries then anticipated with respect to the Loan (whether by enforcement of the Borrower Security or otherwise) are unlikely to be realised in full prior to the Final Maturity Date of the Notes, the Special Servicer will be required to present a selection of proposals relating to the final disposal or other resolution of the Loan, which assumes that the Notes are not repaid on their Final Maturity Date (the “**Note Maturity Plan**”) to the Issuer, the Noteholders, the Note Trustee and the Issuer Security Trustee. At least one proposal provided by the Special Servicer must be that the Issuer Security Trustee, at the cost of the Issuer, will engage an independent financial adviser or a receiver to advise the Issuer Security Trustee as to the winding up of the Issuer.

Upon receipt of the Note Maturity Plan, the Note Trustee will be required to convene (at the cost of the Issuer) a meeting of the Noteholders at which the Noteholders will have the opportunity to discuss the various proposals contained in the Note Maturity Plan with the Special Servicer. Following such meeting, the Special Servicer will if so requested, reconsider the Note Maturity Plan and make modifications thereto and will provide a final Note Maturity Plan to the Issuer, the Noteholders, the Note Trustee and the Issuer Security Trustee. Upon receipt of the final Note Maturity Plan, the Note Trustee will either at the direction of the Special Servicer convene (at the cost of the Issuer) a meeting of the Noteholders at which the Noteholders will be requested to select their preferred option among the proposals in the final Note Maturity Plan and/or request (at the cost of the Issuer) the approval of the Noteholders of their preferred option amongst the proposals set out in the final Note Maturity Plan by way of Written Resolution (the Note Trustee will be entitled to state that if such Written Resolution is obtained before the meeting, the meeting will not take place). The proposal that receives the approval of the Noteholders by way of Ordinary Resolution (or an Extraordinary Resolution if a Basic Terms Modification is included in the final Note Maturity Plan) will be implemented. If no option receives the approval of the holders of the Notes then outstanding at such meeting, then on the Final Maturity Date, the Note Trustee will be deemed to be directed by all of the Noteholders to instruct the Issuer Security Trustee to appoint a receiver in order to realise the Issuer Charged Property in accordance with the Issuer Deed of Charge provided that it will have no obligation to do so if it shall not have been indemnified and/or secured and/or prefunded to its satisfaction.

**Limited Recourse**

The Notes are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, as described in Condition 2(b) (*Security and Priority of Payments*).

**Non-Petition**

The Noteholders will not be entitled to take any steps (otherwise than in accordance with the Note Trust Deed and the Conditions):

- (a) to enforce the Security other than when expressly permitted to do so under Condition 11 (*Limit on Noteholder Action, Limited Recourse and Non-Petition*); or
- (b) to take or join in any steps against the Issuer to obtain payment of any amount due from the Issuer to it; or
- (c) to initiate or join in initiating any insolvency or moratorium proceedings in relation to the Issuer; or
- (d) to take any steps which would result in the Issuer Pre-Acceleration Priority of Payments or the Issuer Post-Acceleration Priority of Payments not being observed.

**Governing Law**

The Notes and the other Issuer Transaction Documents will be governed by English law.

## Rights of Noteholders and Relationship with other Issuer Secured Creditors

**Prior to a Note Event of Default** The Issuer or the Note Trustee, the Servicer or the Special Servicer may convene a Noteholder meeting (at the cost of the Issuer) at any time for any purpose including consideration of Extraordinary Resolutions and Ordinary Resolutions and the Note Trustee shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction, be obliged to convene a meeting if so requested in writing by Noteholders holding at least 10 per cent. of the Principal Amount Outstanding of the Notes.

Any Noteholder will be entitled from time to time to request the Issuer Cash Manager to request other Noteholders to contact it subject to certain conditions. See the section entitled “*Noteholder Communications*”.

**Note Events of Default** Pursuant to Condition 9 (*Note Events of Default*), subject to the applicable grace periods, the following events in respect of the Issuer will constitute “**Note Events of Default**”:

- (a) non-payment of interest when due for a period of five days and/or non-payment of principal when due for a period of three days in respect of the Notes;
- (b) default in the performance or observance of any other obligation or there is a misrepresentation or a breach of warranty by the Issuer under the Notes or under the Issuer Transaction Documents;
- (c) by reason of a change in law, it becomes unlawful for the Issuer to perform any of its obligations under any Issuer Transaction Document (other than the Issuer/Borrower Facility Agreement);
- (d) the Issuer ceases to carry on business or a substantial part of its business or is deemed unable to pay its debts as and when they fall due;
- (e) an order is made or an effective resolution is passed for the winding-up of the Issuer; or
- (f) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws,

provided that in the case of each of the events described in Condition 9(a)(B), the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of holders of the Notes then outstanding and it shall have been indemnified and/or secured and/or prefunded to its satisfaction against any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges other than Tax on the net income profit or gains of the relevant indemnified party) and including any irrecoverable VAT or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis (“**Indemnified Loss**”) to which it may thereby become liable or which it may incur by doing so.

**Following a Note Event of Default - Note Acceleration** Following the occurrence of a Note Event of Default, the Note Trustee may at its discretion and without notice or, shall if directed to do so by either (i) Noteholders holding not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes then outstanding; or (ii) Noteholders by way of an Extraordinary Resolution (provided it has been indemnified and/or secured and/or pre-funded to its satisfaction) to give notice (a “**Note Acceleration Notice**”) to the Issuer and the Issuer Security Trustee declaring all of the Notes immediately due and repayable and the Issuer Security enforceable.

**Enforcement** After the delivery of a Note Acceleration Notice, the Note Trustee may at its discretion and without notice or, shall if directed to do so by either (i) an Extraordinary Resolution of the Noteholders or (ii) a notice in writing signed by holders of Notes outstanding constituting at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes then outstanding (provided that it has been indemnified and/or secured and/or pre-funded to its satisfaction), institute such proceedings as may be required to enforce the Issuer Security.

**Principal Amount Outstanding** The “**Principal Amount Outstanding**” of a Note on any date will be its face amount less the aggregate amount of principal repayments or prepayments made in respect of that Note since the Closing Date.

<b>Noteholder Meeting Provisions</b>	Initial Meeting	Adjourned Meeting
Notice Period:	14 clear days	7 clear days
Quorum:	At least 50.1 per cent. of the Principal Amount Outstanding of the Notes (other than a Basic Terms Modification, which requires at least 75 per cent. of the Principal Amount Outstanding of the Notes)	One or more persons being or representing Noteholders provided that, with respect to a Basic Terms Modification, such Noteholders must also represent at least 33 1/3 per cent. of the Principal Amount Outstanding of the Notes
Required Majority:	At least 75 per cent. of votes cast for matters requiring Extraordinary Resolution	At least 75 per cent. of votes cast for matters requiring Extraordinary Resolution
	At least 50.1 per cent. of votes cast for matters requiring Ordinary Resolution	At least 50.1 per cent. of votes cast for matters requiring Ordinary Resolution

**Written Resolutions:** A resolution in writing by holders of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding (a “**Written Extraordinary Resolution**”). A Written Extraordinary Resolution shall have the same effect as an Extraordinary Resolution.

A resolution in writing by holders of not less than 50.1 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding (a “**Written Ordinary Resolution**”). A Written Ordinary Resolution shall have the same effect as an Ordinary Resolution.

**Basic Terms  
Modification**

Any Extraordinary Resolution which would have the effect of:

- (a) modifying the date of maturity of the Notes;
- (b) changing the amount of principal or the rate or amount of interest or Early Redemption Premium payable in respect of the Notes;
- (c) modifying the method of calculating the amount payable or the date of payment in respect of any interest or principal or Early Redemption Premium in respect of the Notes;
- (d) altering the currency of payment of the Notes;
- (e) releasing the Issuer Security (or any part thereof) or a modification of any provisions in respect of the Issuer Security, other than in accordance with the Issuer Transaction Documents;
- (f) any of the matters referred to in Clauses 9.1(a), (b) and (c) (*Modifications, Waivers, and Consents*) of the Servicing Agreement;
- (g) a modification to Clause 9.1 (*Modifications, Waivers and Consents*) or Clause 13.8 (*Operating Adviser*) of the Servicing Agreement;
- (h) a change to the quorum required at any meeting or the majority required to pass an Ordinary Resolution or Extraordinary Resolution;
- (i) the exchange, conversion or substitution of any of the 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;
- (j) a change to any of the Issuer Priorities of Payments insofar as such alteration would affect the Notes; or
- (k) modifying the definition of “Basic Terms Modification” or the quorum or majority required to effect a Basic Terms Modification,

will constitute a “**Basic Terms Modification**”. A Basic Terms Modification may not be effected by an Ordinary Resolution.

**Rating Agency  
Confirmation**

The implementation of certain Basic Terms Modifications and certain other matters will, pursuant to the Transaction Documents, be subject to the receipt of written confirmation from each Rating Agency then rating the Notes who give such confirmations as a part of their mandate) that the then current ratings of the Notes would not be reduced below the lower of (A) the ratings assigned to the Notes on the Closing Date (the “**Initial Rating**”) and (B) the then current credit rating of the Notes (before the proposed action) (a “**Rating Agency Confirmation**”).

If, following discussions with any Rating Agency then rating the Notes, the Issuer provides written certification to the Note Trustee that, as at the date of such certificate, the relevant Rating Agency:

- (a) (i) has not responded to a request to provide a Rating Agency Confirmation within 10 Business Days after such request was made; and

- (ii) has not responded to a second request to provide a Rating Agency Confirmation, in respect of the same matter within 5 Business Days after such second request was made (such second request not to be made fewer than 10 Business Days after the first request is made); or
- (b) has provided a waiver or acknowledgement indicating its decision not to review or otherwise declines to review the matter for which the Rating Agency Confirmation is sought, and
- (c) in connection with either (a) or (b) above, the Issuer has received no indication from that Rating Agency that the then current ratings of the Notes rated thereby would be qualified, downgraded, withdrawn or put on negative watch as a result of such matter,

the requirement for the Rating Agency Confirmation from the relevant Rating Agency with respect to such matter shall be deemed not to apply and the Note Trustee shall not be liable for any loss that Noteholders or any party to the Issuer Transaction Documents may suffer as a result..

**Notes Held by certain entities in Westfield Corporation**

For the purposes of determining how many and which Notes are for the time being outstanding for the purposes of (i) the quorum at any meeting of Noteholders considering an Extraordinary Resolution or an Ordinary Resolution or the majority of votes cast at such meeting; (ii) the holders of Notes giving any direction to the Note Trustee (or any other party); or (iii) the majorities required for any Written Resolution; (iv) the Note Trust Deed and the Conditions; (v) any discretion, power or authority (whether contained in the Note Trust Deed or vested by operation of law) which the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any of them; (vi) the determination by the Note Trustee whether any of the events specified in Condition 9 (*Note Events of Default*) is materially prejudicial to the interests of the holders of the Notes then outstanding or (vii) the election of an Operating Adviser, any Notes held by or on behalf of or for the benefit of the Obligors, WCL, WAML in its capacity as responsible entity and trustee of each of WAT and WFDT and their respective subsidiaries, in each case as beneficial owner, will have no voting rights and will be treated as if the Notes held by them were not outstanding and will not be counted in or towards any required quorum or majority.

**Negative Consent**

An Extraordinary Resolution or Ordinary Resolution (other than (i) an Extraordinary Resolution relating to a Basic Terms Modification, (ii) an Ordinary Resolution or an Extraordinary Resolution (as the case may be) relating to a Note Maturity Plan, (iii) the waiver of any Note Event of Default, (iv) the acceleration of the Notes, (v) the enforcement of the Issuer Security or (vi) any matter which is subject to the provisions of Condition 13(h) (*Additional Right of Modification without Noteholder Consent*) will be deemed to have been passed by the Noteholders if, within 30 days of a notice to the Noteholders which:

- (a) contains the text of such Extraordinary Resolution or Ordinary Resolution;
- (b) invites the Noteholders to object to such Extraordinary Resolution or Ordinary Resolution;
- (c) describes the manner in which objections to such Extraordinary Resolution or Ordinary Resolution should be made; and

is given to the Noteholders in accordance with the provisions of Condition 16 (*Notice to and Communication between Noteholders*),

holders of 25 per cent. or more (in the case of an Extraordinary Resolution) or 50 per cent. or more (in the case of an Ordinary Resolution) in aggregate of the Principal Amount Outstanding of the Notes then outstanding have not informed the Note Trustee in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution.

**Right of Additional Modification**

The Note Trustee shall be obliged, without the consent of the Noteholders, to concur with the Issuer in making a modification (other than a Basic Terms Modification) to any Issuer Transaction Document to which it is a party that the Issuer considers necessary in order to comply with, amongst other things, certain legal or regulatory requirements such as FATCA or for the purpose of complying with any change in the Rating Agencies' criteria, provided that the Issuer certifies in writing to the Note Trustee that such modification is necessary to comply with such the updated criteria or, as the case may be, is solely to implement and reflect such legal or regulatory requirements or updated criteria. See Condition 13(h) (*Additional Right of Modification without Noteholder Consent*). Any matter which is subject to this provision may not be proposed for consideration under the Negative Consent process.

**Matters Requiring Extraordinary Resolution**

The following matters may only be approved by way of an Extraordinary Resolution:

- (a) Basic Terms Modification;
- (b) a final Note Maturity Plan which constitutes a Basic Terms Modification;
- (c) a modification of the Notes or the Note Trust Deed (including the Conditions) or the provisions of any of the other Issuer Transaction Documents;
- (d) the removal of the Note Trustee; and
- (e) the removal of the Servicer (without cause) by the Noteholders.

**Matters Requiring Ordinary Resolution**

The following matters, amongst others, may only be approved by way of an Ordinary Resolution:

- (a) the removal of the Issuer Security Trustee, the Borrower Security Trustee, the Servicer (for cause) or the Special Servicer (for cause);
- (b) the approval of a final Note Maturity Plan (unless a Basic Terms Modification is included in the final Note Maturity Plan);
- (c) the appointment of an Operating Adviser;
- (d) instructing the Servicer or Special Servicer to commission a "desktop" valuation (at the cost and expense of the Noteholders) and (if that desktop valuation shows that the Loan to Value Ratio exceeds 65 per cent. if calculated by reference to that desktop valuation) a full valuation (at the cost and expense of the Borrower); and
- (e) any other matter not requiring approval by an Extraordinary Resolution.

**Convening a Meeting of Noteholders** The Issuer, the Note Trustee, the Servicer or the Special Servicer may at any time and the Note Trustee shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction, upon a requisition in writing signed by the holders of not less than one tenth of the Principal Amount Outstanding of the Notes then outstanding convene a meeting of Noteholders. Other than as previously detailed, the Note Trustee will have no obligation to convene meetings of Noteholders or to seek or require Extraordinary Resolutions or Ordinary Resolutions to consider or approve matters not involving the modification or waiver of or the granting of any consent under any of the Issuer Transaction Documents and, without limitation to the generality of the foregoing, the Note Trustee will have no obligation to convene such meetings or seek or require such resolutions, in each case in relation to any matter or thing affecting the Issuer/Borrower Facility Agreement or the Borrower Security unless the same also involves the modification or waiver of or the granting of any consent under any of the Issuer Transaction Documents.

The Issuer will on receipt of a written request from Noteholders representing not less than one tenth of the Principal Amount Outstanding of the Notes, convene a meeting of all the Noteholders to consider an Ordinary Resolution of the Noteholders instructing the Servicer to commission a “desktop” valuation of the Properties (at the cost and expense of the Noteholders) and ( if that desktop valuation shows that the Loan to Value Ratio exceeds 65 per cent. if calculated by reference to that desktop valuation) a full valuation (at the cost and expense of the Borrower).

**Operating Adviser** The Operating Adviser will be the representative appointed by the Noteholders by way of an Ordinary Resolution in accordance with Condition 13(j) (*Meetings of Noteholders, Modification, Waiver and Substitution – Operating Adviser*) (the “**Operating Adviser**”).

The Operating Adviser will have the right to:

- (a) require the Issuer to terminate the appointment of and replace the Special Servicer (without cause);
- (b) be consulted on certain matters relating to amendments of the Issuer/Borrower Facility Agreement and enforcement of the Loan; and
- (c) be consulted in connection with the preparation of any Asset Status Report.

The appointment of an Operating Adviser shall not take effect until the Issuer Security Trustee notifies the Servicing Entities in writing of its appointment and identity.

If the Noteholders do not appoint an Operating Adviser (or an Operating Adviser resigns or its appointment is terminated and is not replaced), the Noteholders shall be deemed to have waived any right which the Operating Adviser would have under the Servicing Agreement without prejudice to the rights of the Noteholders.

An Ad Hoc Noteholder Committee and an Operating Adviser may not co-exist.

**Relationship between Noteholders and Other Secured Creditors** For so long as any of the Notes is outstanding and there is a conflict between the interests of the Noteholders and any other Issuer Secured Creditor, the Note Trustee will take into account only the interests of the Noteholders in the exercise of its discretions, rights or powers.

<b>Provision of Information to the Noteholders</b>	<p>Information in respect of the Loan and the Property will be provided to the investors on a quarterly basis in the Servicer Quarterly Report. See the section entitled “<i>Servicing Arrangements for the Loan-reporting</i>” for further details.</p> <p>The Issuer Cash Manager will make available via its internet website an investor report on a quarterly basis containing information in relation to the Notes including, but not limited to, ratings of the Notes, amounts paid by the Issuer pursuant to the relevant Issuer Priority of Payments in respect of the relevant period and required counterparty information.</p>
<b>Reports</b>	<p>The Servicer will publish the Servicer Quarterly Report in the form of Appendix II to this Prospectus at <a href="http://www.capitaassetservices.ie/Investor-relations.aspx">http://www.capitaassetservices.ie/Investor-relations.aspx</a>.</p> <p>The Issuer Cash Manager will publish its quarterly statement to Noteholders at <a href="https://tss.sfs.db.com/investpublic">https://tss.sfs.db.com/investpublic</a>.</p>
<b>Communication with Noteholders</b>	<p>All notices to be given by the Issuer, the Servicer, the Special Servicer, the Issuer Cash Manager or the Note Trustee to Noteholders may be given in any one or more of the following manners:</p> <p>for so long as the Notes are represented by a Global Note:</p> <ul style="list-style-type: none"> <li>(i) through the announcements section of the Irish Stock Exchange and through the regulated information service maintained or recognised by the Irish Stock Exchange (and any notice containing material, nonpublic information will be given in this manner); and</li> <li>(ii) by delivery to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; or</li> </ul> <p>if Definitive Notes have been issued, by publication in a leading daily newspaper printed in the English language and with general circulation in Ireland (which is expected to be <i>The Irish Times</i>).</p> <p>A copy of each notice given in accordance with Condition 16 (<i>Notice to and Communication between Noteholders</i>) will be provided to the Rating Agencies.</p> <p>The Issuer will give notice to the Noteholders in accordance with Condition 16 (<i>Notice to and Communication between Noteholders</i>) of any addition to, deletion from or alteration to such methods from time to time.</p>
<b>Relevant Dates and Periods</b>	
<b>Closing Date</b>	The date of issuance for the Notes will be 16 October 2014 (or such other date as the Issuer and the Joint Lead Managers may agree) (the “ <b>Closing Date</b> ”).
<b>Valuation Date</b>	28 May 2014 (the “ <b>Valuation Date</b> ”) is the date on which the valuation of the Property was carried out by the Valuer on the terms and subject to the methodology described therein (the “ <b>Valuation</b> ”).
<b>Expected Maturity Date</b>	The Note Payment Date falling in November 2019 (the “ <b>Expected Maturity Date</b> ”), which is the Note Payment Date immediately following the Loan Maturity Date and, therefore, the date by which it is expected that the Notes will be repaid in full.

<b>Final Maturity Date</b>	Unless previously redeemed in full, the Issuer will be required to redeem the Notes in full (together with all accrued interest thereon) on the Note Payment Date falling in November 2024 (the “ <b>Final Maturity Date</b> ”).
<b>Note Payment Date</b>	Each Note will bear interest on its Principal Amount Outstanding from, and including, the Closing Date. Interest will be payable in respect of the Notes in pounds sterling quarterly in arrear on the 4th day of February, May, August and November in each year or, if such day is not a Business Day, the next following Business Day (unless such Business Day falls in the next succeeding calendar month, in which event the immediately preceding Business Day) (each such day being, a “ <b>Note Payment Date</b> ”). The first Note Payment Date in respect of the Notes will be the Note Payment Date falling in February 2015.
<b>Loan Maturity Date</b>	The Loan will be repayable by way of a single repayment on the Loan Interest Payment Date falling in October 2019 (the “ <b>Loan Maturity Date</b> ”).
<b>Loan Interest Payment Date</b>	Pursuant to the Issuer/Borrower Facility Agreement, payment of quarterly instalments of interest and Facility Fees will be due on the 27th calendar day of each of January, April, July and October, or, if such day is not a Business Day under the Issuer/Borrower Facility Agreement, on the next succeeding Business Day in the relevant calendar month (unless such Business Day falls in the next calendar month, in which event, the immediately preceding Business Day) (each, a “ <b>Loan Interest Payment Date</b> ”).
<b>Loan Interest Period</b>	Each Loan Interest Period will be of three months duration, ending on a Loan Interest Payment Date and starting on the first day after the last day of the immediately preceding Loan Interest Period (each such period, a “ <b>Loan Interest Period</b> ”). The first Loan Interest Period will commence on (and include) the Closing Date.
<b>Business Day</b>	“ <b>Business Day</b> ” means a day (other than a Saturday or Sunday) on which banks are open for general business in London and Dublin.
<b>Determination Date</b>	“ <b>Determination Date</b> ” means the third Business Day prior to each Note Payment Date.
<b>Note Interest Period</b>	Interest on the Notes will be payable by reference to successive Note Interest Periods (each, a “ <b>Note Interest Period</b> ”). The first Note Interest Period will commence on (and include) the Closing Date and end on (but exclude) the Note Payment Date falling in February 2015. Each successive Note Interest Period will commence on (and include) the next (or first) Note Payment Date and end on (but exclude) the following Note Payment Date.
<b>Interest Rate Determination Date</b>	The Agent Bank will at, or as soon as practicable after, 11:00 a.m. (London time) on the Closing Date or the Note Payment Date for which the rate will apply (each, an “ <b>Interest Rate Determination Date</b> ”), determine the Rate of Interest applicable to, and calculate the amount of interest payable on each of the Notes, for the Note Interest Period immediately following such Interest Rate Determination Date.

## RISK FACTORS

The following is a summary of certain issues of which prospective Noteholders should be aware. This summary is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. Some of the issues set out in this section of the Prospectus are mitigated by certain representations and warranties which the Borrower and the other Obligors will provide in the Issuer/Borrower Facility Agreement in relation to themselves, the Borrower Security, the Property and other associated matters.

### **General Factors Relating to the Underlying Assets and Economy**

#### *General Risks Relating to Commercial Real Estate Lending.*

Payment of principal and interest on the Loan is principally reliant on income received with respect to the Property. The Property comprises the freehold interest in a London shopping centre together with a number of car parks, open areas, roads and a number of bridges. See the section entitled “*The Property*” and “*The Tenants and the Leases*”.

Commercial real estate lending is generally viewed as exposing a lender to a greater risk of loss than residential property lending since the repayment of loans secured by income-producing properties is typically dependent upon the successful operation of the related property. If the cash flow from the property is reduced (for example, if leases are not obtained or renewed or if tenants default in their obligations under the leases), a borrower's ability to repay a loan may be impaired.

The volatility of property values and net operating income depends upon a number of factors, including (a) the volatility of property revenue and (b) the relevant property's operating leverage, which generally refers to (i) the percentage of total property operating expenses in relation to property revenue, (ii) the breakdown of property operating expenses between those that are fixed and those that vary with revenue and (iii) the level of capital expenditures required to maintain the property and retain or replace tenants. Even when the current net operating income is sufficient to cover debt service, there can be no assurance that this will continue to be the case in the future.

A decline in the commercial property market, in the financial condition of a major tenant or a general decline in the local, regional or national economy will tend to have a more immediate effect on the net operating income of properties with short-term revenue sources and may lead to delinquencies or defaults.

Any one or more of the above described factors could have an adverse effect on the income derived from, or generated by, the Property, which could in turn cause the Borrower or any party which has provided security for the obligations of the Borrower under the Issuer/Borrower Facility Agreement to default or may impact the Borrower's ability to refinance the Loan or the ability of the Obligors to sell the Property to repay the Loan.

#### *The Volatile Economy and Credit Crisis May Increase the Likelihood of Loan Defaults and Affect the Value and Liquidity of the Notes.*

The global economy recently experienced a significant recession, as well as a severe, ongoing disruption in the credit markets, including the general absence of investor demand for and purchases of CMBS and other asset-backed securities and structured financial products. While the European economy may technically be coming out of the recession, any recovery could be fragile and may not be sustainable for any specific period of time, and could slip into an even more significant recession. Downward price pressures and increasing defaults and foreclosures in residential real estate or other conditions that severely depressed the overall economy and contributed to the credit crisis have also led to increased vacancies, decreased rents or other declines in income from, or the value of, commercial real estate. Additionally, the lack of credit liquidity decreases in the value of commercial properties and, in some instances, correspondingly higher lending rates have prevented many commercial mortgage borrowers from refinancing their loans. These circumstances have increased delinquency and

default rates of securitised commercial mortgage loans, and may lead to widespread commercial mortgage defaults. In addition, the declines in commercial real estate values have resulted in reduced borrower equity, hindering the ability of borrowers to refinance in an environment of increasingly restrictive lending standards and giving them less incentive to cure delinquencies and avoid enforcement. Higher loan-to-value ratios are likely to result in lower recoveries on foreclosure, and an increase in loss severities above those that would have been realised had commercial property values remained the same or continued to increase. Defaults, delinquencies and losses have further decreased property values, thereby resulting in additional defaults by commercial mortgage borrowers, further credit constraints, further declines in property values and further adverse effects on the perception of the value of commercial real estate.

Many commercial mortgage lenders have tightened their loan underwriting standards, which has reduced the availability of mortgage credit to prospective borrowers. These developments have contributed, and may continue to contribute, to a weakening in the commercial real estate market as these adjustments have, among other things, inhibited refinancing and reduced the number of potential buyers of commercial real estate. The continued use or further adjustment of these loan underwriting standards may contribute to further increases in delinquencies and losses on commercial mortgage loans generally.

The global markets have seen an increase in volatility due to uncertainty surrounding the level and sustainability of sovereign debt of certain countries that are part of the European Union, including Greece, Spain, Portugal, Ireland and Italy, as well as the sustainability of the European Union itself. There can be no assurance that this uncertainty will not lead to further disruption of the credit markets in Europe. In addition, recently-enacted financial reform legislation in Europe could adversely affect the availability of credit for commercial real estate.

Prospective investors should consider that general conditions in the overall credit markets, the commercial real estate and mortgage markets may adversely affect the performance of the Loan and accordingly the performance of the Notes. In addition, in connection with all the circumstances described above, prospective investors should be aware in particular that:

- such circumstances may result in substantial delinquencies and defaults on the Loan and adversely affect the amount of liquidation proceeds the Issuer would realise in the event of enforcement and liquidation;
- notwithstanding that the Property was valued within the six months prior to the Closing Date, the value of the Property may have declined since such valuation and may decline following the issuance of the Notes and such declines may be substantial and occur in a relatively short period following the issuance of the Notes and such decline may or may not occur for reasons largely unrelated to the circumstances of the Property;
- if a Noteholder decides to sell its Notes, it may be unable to do so or may be able to do so only at a substantial discount from the price originally paid; this may be the case for reasons unrelated to the then current performance of the Notes or the Loan; and this may be the case within a relatively short period following the issuance of the Notes;
- if there is a Loan Event of Default, the return on the Notes may be substantially reduced notwithstanding that liquidation proceeds may be sufficient to result in the repayment of the principal of and accrued interest on the Notes; an earlier than anticipated repayment of principal (even in the absence of losses) following a Loan Event of Default in advance of the Expected Maturity Date would tend to shorten the weighted average period during which interest is earned on Noteholder's investments and if any Notes are purchased at a premium then, in such case, the actual yield to maturity on such Notes may be lower than assumed at the time of the purchase; and a later than anticipated repayment of principal (even in the absence of losses) in the event of a default upon the maturity date would tend to delay the receipt of principal and the interest on the Notes may be insufficient to compensate Noteholders for that delay and if any Notes are purchased at a discount then in such case the actual yield to maturity on such Notes may be lower than assumed at the time of the purchase;

- even if liquidation proceeds received on the Loan are sufficient to cover the principal and accrued interest on the same, the Issuer may experience losses in the form of special servicing fees and other senior expenses, and Noteholders may bear losses as a result, and their yield will be adversely affected by such losses;
- the time periods to resolve the Loan following the occurrence of a Loan Event of Default may be long, and those periods may be further extended because of Borrower insolvency and related litigation; and
- even if Noteholders intend to hold their Notes, depending on the circumstances of particular Noteholders, Noteholders may be required to report declines in the value of their holdings in the Notes, and/or record losses, on their financial statements or regulatory or supervisory reports, and/or repay or post additional collateral for any secured financing, hedging arrangements or other financial transactions that they have entered into that are backed by or make reference to the Notes, in each case as if the Notes were to be sold immediately.

In connection with all the circumstances described above, the risks described elsewhere in this section are heightened substantially, and prospective investors should review and carefully consider such risk factors in light of such circumstances.

### **Risks Relating to Shopping Centre Properties**

#### *General Risks Relating to Shopping Centres*

The principal source of cashflow to service the Loan is the Rental Income together with ancillary income from the Property. As of the Valuation Date, 86.07% of the gross income from the Property is generated by a retail shopping centre (being the “**Shopping Centre**”), together with ancillary income of 5.56% from the associated car park (the “**Car Park**”), 6.31%, from brand partnership and media income, with the remaining income coming from other ancillary sources. See the section entitled “*The Property*” for further details.

The income from the Car Park has not stabilised yet. The Car Park was closed during the 2012 Olympic Games, after which there was a concessionary tariff to encourage use, therefore, the first complete year of operation was 2013. It is expected to stabilise over the next few years.

The value of retail properties is significantly affected by the quality of the tenants as well as fundamental aspects of commercial property, such as location and market demographics. In addition to location, competition from other retail spaces or the construction of other retail space, retail properties face competition from other forms of retailing outside a given property market (such as mail order and catalogue selling, discount shopping centres and selling through the internet), which may reduce retailers' need for space at a given shopping centre. The continued growth of these alternative forms of retailing could adversely affect the demand for space and, therefore, the rents collectable from retail properties.

The net operating income and value of the Property may be adversely affected by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by business closures or slowdowns and other factors); local property market conditions in which the Property operates (such as the level of demand for and supply of retail space); perceptions of prospective tenants, retailers and shoppers of the safety, convenience, condition, services and attractiveness of the Property; the proximity and availability of competing alternatives to the Property (for example, the convenience and quality of competing shopping centres such as the Canary Wharf shopping district, the West End shopping district in central London and the Lakeside and Bluewater shopping centres based just outside of London and in addition, other retail options such as the internet, as well as trends in the retail industry); the ability to develop and redevelop the Property in order to maximise returns on investment from both increased Rental Income and capital appreciation of the asset; demographic factors; consumer confidence; unemployment rates; customer tastes and preferences; retroactive changes to building or similar regulations; and increases in operating expenses (such as energy costs).

In addition, other factors may adversely affect the Property's value without affecting their current net operating income (including tax rates), including: changes in governmental regulations; monetary and fiscal policy and planning or tax laws; potential environmental liabilities or other legal liabilities; the availability of refinancing; and changes in interest rate or yield levels.

There are 327 tenancies, the terms of which may affect the realisable value of the Property.

Additionally, the Property may be not readily convertible to alternative uses if the Property was to become unprofitable due to competition, age of the improvements, decreased demand, regulatory changes or other factors. The conversion of commercial properties to alternate uses generally requires substantial capital expenditure. In addition, in connection with obtaining the necessary planning consents for such alternative uses, additional environmental assessments may be required. If any such environmental assessment indicates that there are environmental issues with respect to the Property, whether because of the conversion in usage or otherwise, it is possible that the Security Group will be required to remedy such environmental issues. More significantly, there are "keep open" obligations owed to tenants which may prevent any alternative uses being implemented, for example there is a covenant in favour of a major tenant at the Shopping Centre which requires the Shopping Centre to be used as a high quality shopping centre for a period that is significantly longer than the term of the Notes.

#### *Potential negative effect of the financial condition of an anchor tenant on the Property Income*

The success of a shopping centre is dependent on, among other things, achieving the correct mix of tenants so that an attractive range of retail outlets is available to potential customers. The presence or absence of an "anchor tenant" in a shopping centre can be particularly important in this, because anchor tenants play a key role in generating customer traffic and making a centre desirable for other tenants. While there is no strict definition of an "anchor tenant", it is generally understood that a retail anchor tenant is larger in size and generally attracts customers to a retail property, whether or not it is located on the related property. An anchor tenant may cease operations at a retail property because it decides not to renew a lease, becomes insolvent or goes out of business. If any anchor store located in, or occupying space outside of, a property securing any loan were to close and such anchor tenant is not replaced in a timely manner the related property owner may suffer adverse economic consequences. If such an anchor tenant occupies a portion of the related property, the property owner may also be required to expend material amounts to refurbish and customise the space.

The leases of certain of the anchor tenants permit such tenants to transfer their interests in the lease to other retailers, subject in some cases to the Borrower's consent. The transfer to a new anchor tenant could adversely affect customer traffic in the Shopping Centre and thereby reduce the income generated by that shopping centre and could also allow some other anchors and other tenants to make reduced rental payments or to terminate their leases at that shopping centre. There is an anchor tenant which benefits from a rent review option which may lower the rent but subject to a minimum payment and this is the only tenant which has this feature in its lease.

Each of the foregoing circumstances and events may, individually or in the aggregate, adversely affect the income from and market value of the Property and thereby increase the possibility that the Borrower will be unable to meet its obligations under the Loan.

#### *Risks relating to redeveloping existing properties or developing new properties*

The development of the Property was completed only recently (in 2011). The Street (see "*The Property*" for further details) has experienced some vacancy and temporary leasing (although The Street is not the main contributor to Rental Income) as a result of wind and rain issues which are being rectified by way of redevelopment works. These works are expected to commence in the second half of 2014 and will be completed and open for trading in 2016. No retailers are expected to be closed during the works. These redevelopment proposals comprise adding a roof canopy along most of The Street together with associated lighting and also installing localised wind mitigation and integrated tensile fabric covers and constructing a new retail outlet located at the south side of the Shopping Centre (in excess of 70,000 square feet GIA), in relation to which the Borrower is in discussion with potential

tenants. The total project cost is approximately £73 million and shall be funded by equity injection from the owners of Westfield Stratford City.

There are opportunities for three office developments to be constructed above the Shopping Centre. The parties having the benefit of these opportunities have options to acquire limited parts of the Shopping Centre to create reception areas and the lift/stair case to access the offices to be developed above. There is an obligation to pay compensation based on a market valuation of the units in the Shopping Centre to be acquired for the development. A limited number of units are affected and their acquisition would not cause material disruption to the business of the Shopping Centre.

The financial performance of the Property depends in part upon its continued development and improvement. The Property will be subject to the risks associated with its expansion and development activities, including risks resulting from:

- construction not being completed on budget, construction costs of a project may exceed original estimates and on schedule;
- leases not being entered into on the terms anticipated by the feasibility study prepared for the particular project; or
- the inability to obtain funding on favourable terms, or at all, for any proposed development and redevelopment.

Development, redevelopment, and expansion activities may also involve the following risks:

- failure to obtain, or delay in obtaining, required permits, licences or approvals;
- changes in laws and governmental regulations including zoning, planning and environmental laws;
- changes in the political and economic environment;
- industrial disputes may delay projects and/or add to the cost of developments;
- construction costs of a project may exceed original estimates or available financing, possibly making the project unprofitable;
- temporary disruption of income from a property;
- failure to maintain leased rates for existing retail space and the inability to lease new retail space
- loss of customers due to inconvenience caused by construction; and
- income derived from any redeveloped site being lower than expected.

If a redevelopment or development project is unsuccessful or does not proceed, the investment cost may exceed the value of the project on completion or pre-development costs may be incurred that have to be written off. The income from the Property may be adversely affected in these circumstances. Under the terms of the Issuer/ Borrower Facility Agreement, there are restrictions on alterations to the Property, other than Permitted Alterations as described in the section entitled “*Issuer/ Borrower Facility Agreement*”

#### *Level of Footfall at the Property*

Certain of the rents represent a base rent with the remaining element of the rent based on “turnover top up” which is linked to the Tenant’s turnover which could be adversely affected by increased online shopping sales and competing retail centres (see “*General Risks Relating to Shopping Centres*”), however, these rents are subject to a minimum payment.

Football crowds are expected as a result of the relocation in 2016 of West Ham United Football Club to the Olympic Stadium which is in the vicinity of the Property. Whilst this is likely to increase footfall at the Property, it will need to be closely managed. The Borrower therefore proposes to enter into a strategy and framework agreement with the owner of the Olympic Stadium (The London Legacy Development Agency). This will include details of marshalling, position of barriers and signage, additional cleaning and liaison between landowners.

#### *Condition of the Property*

There has been no up to date survey of the condition of the Shopping Centre. However, the construction of the Shopping Centre was completed in 2011 and the Borrower has direct recourse to the relevant contractors and professional team members either through being a party to the relevant appointment contracts or as a result of third party rights.

#### *Terrorist attacks or other security incidents*

Terrorist attacks or other security incidents could harm the demand for and the value of shopping centres which are well-known landmarks and may be perceived as more likely terrorist targets than similar, less recognisable properties. Future terrorist attacks or other security incidents could discourage consumers from shopping in public places. A decrease in consumer retail demand or tenancy demand could make it difficult for the Obligors to renew the leases, or re-lease, at lease rates equal to or above historical rates or then prevailing market rates.

#### **Risks Relating to the Size of the Property**

Given the large size of the site of the Property, if the Borrower Security were to be enforced, there could be a delay in a sale being effected and potential purchasers could be few in number.

#### **Risks Relating to Geographic Concentration.**

##### *Risks Relating to the UK*

The Property is located in the UK. Repayments under the Issuer/Borrower Facility Agreement and the market value of the Property could be adversely affected by conditions in the property market where the Property is located, acts of nature, including floods (which may result in uninsured losses), and other factors which are beyond the control of the Borrower. In addition, the performance of the Property will be dependent upon the strength of the economy in which the Property is located.

##### *Risks Relating to the Economy of London*

The Property is located in London. The economies of certain regions of the United Kingdom are particularly dependent on the public sector including East London. Scheduled reductions in UK public sector spending may adversely affect the economies of such regions and as a result the value of commercial real estate, particularly retail space, in such regions. The ability to attract tenants in the retail and leisure sectors paying rent levels sufficient to allow the Borrower to make payments due under the Loan will be dependent, among other things, on the performance generally of those sectors at a regional and national level. Currently yields for prime retail space are keen when contrasted with historic yields. A downward trend in yields and/or in sector demand, particularly for retail space in East London would make it difficult for the Security Group to sustain adequate Rental Income to cover interest payments on the Loan.

##### *Risks relating to lack of geographical diversification of the Property*

The Property is located in one site and, therefore, the assets underlying the Notes are not geographically diverse. If any risk described in this section, “*Risk Factors*” is realised, it may impact the entire site, thereby affecting the return on the assets as a whole.

## **The Borrower and Other Obligor**

### *Risks Relating to the Sufficiency of the Assets of the Borrower.*

Payments in respect of the Notes are dependent on, and limited to, the receipt of funds under the Issuer/Borrower Facility Agreement and, where necessary and applicable, the Liquidity Facility Agreements and the Swap Agreements. In turn, recourse for the repayment of the Loan is generally limited to the Borrower and the other Obligor and/or their assets, which assets are their assets other than the Property, security over which has been created to secure the Loan and whose business activities, in each case, are limited to owning, financing and otherwise dealing with such assets. The principal asset of the Borrower is the income received from the Property.

Therefore, the ability of the Borrower to make payments on the Loan prior to the Loan Maturity Date and, therefore, the ability of the Issuer to make payments on the Notes prior to the Expected Final Maturity Date, is dependent primarily on the sufficiency of the net operating income of the Property.

If, following the occurrence of a Loan Event of Default and following the exercise by the Special Servicer of all available remedies in respect of the Loan and any Borrower Security, the Issuer does not receive the full amount due from the Borrower, then Noteholders (or the holders of certain classes of Notes) may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay in full interest due on the Notes.

### *Risks Relating to Litigation.*

In the future there may be pending or threatened legal proceedings against the Borrower, and/or its affiliates arising out of the ordinary business of the Borrower, and/or its affiliates. To the knowledge of the Borrower, as at the Closing Date, there is no material litigation pending or threatened against the Borrower or Westfield Corporation in respect of the Property that could adversely affect the financial performance of the Borrower.

## **The Borrower Security**

### *Risks Relating to the Repayment of the Loan at Loan Maturity Date.*

The ability of the Issuer to make repayments of principal to the Noteholders on the Expected Maturity Date following the Loan Maturity Date will depend significantly on the ability of: (i) the Borrower to refinance the Loan; or (ii) the Borrower and the other Obligor (the “**Security Group**”) to sell the Property. The availability of credit for these actions at maturity will be significantly dependent upon economic conditions then prevailing in England, as well as the willingness and ability of lenders to make such loans. Such lenders typically include banks, insurance companies and finance companies. The availability of funds in the credit markets fluctuates and there can be no assurance that the availability of such funds will remain at or increase above, or will not contract below, current levels. In addition, the availability of assets similar to the Property, and competition for available credit, may have a significant adverse effect on the ability of potential purchasers to obtain financing for the acquisition of the Property.

Neither the Issuer nor the Security Group nor Westfield Corporation is under any obligation to provide any such refinancing or new swap agreement and there can be no assurance that the Borrower would be able to refinance the Loan or the Security Group sell or procure the sale of the Property.

Failure by: (i) the Borrower to refinance the Loan or (ii) the Security Group to sell the Property on or prior to the Loan Maturity Date may result in the Borrower defaulting on the Loan. In the event of such a default, the Noteholders, or the holders of certain classes of Notes, may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay, in full, interest due on the Notes.

The Managing Agent is required under the Management Agreement to collect gross rent into an operating account held in the name of the Managing Agent on behalf the Borrower. Pursuant to the

Issuer/Borrower Facility Agreement, the Borrower will procure that the Managing Agent pays such amount as is necessary to make all payments due on the next Loan Interest Payment Date to the Debt Service Account on each Debt Service Transfer Date. Credit risk is taken on the Managing Agent to the extent that it holds funds collected from tenants. See “*Transaction Overview – Collection Arrangements*” for further details.

If at any time it becomes necessary to replace the Managing Agent, it will also be necessary to direct the relevant tenants to redirect payments to an account with the replacement managing agent. There can be no assurance that such tenants will promptly comply with such directions and accordingly there is a risk in such circumstances that the Borrower may experience delays in collecting all amounts due to the Borrower from tenants and/or reclaiming any mistaken payments from the Managing Agent. Although the Liquidity Facilities may be drawn upon in such circumstances, if such funds are insufficient, these delays might result in a payment default on the Notes.

## **The Tenants and the Leases**

### *Risks Relating to Tenants and Leases.*

A borrower under a loan in relation to income-producing property generally relies on periodic service charge payments from tenants to pay for maintenance and other operating expenses of the property, and periodic rental payments to service a loan and any other debt or obligations it may have outstanding (see the section entitled “-*Risks Relating to the Terms of the Leases*”).

In addition, there can be no assurance that tenants will renew leases upon expiration or, in the case of a commercial tenant, that it will remain solvent and able to perform its obligations throughout the term of its lease. There is a particular risk of non-renewal of leases in respect of any part of the Property which are leased but not occupied. Although the Property generally has an evenly distributed lease expiry profile, the leases which are due to break within two years from the Valuation Date, represent 7.10% of GRI (Source: *Valuation Report*).

Income from and the market value of the Property would be adversely affected if space in the Property could not be leased or re-let, if Tenants were unable to meet their lease obligations, if a significant Tenant (or a number of smaller Tenants) were to become insolvent, or if for any other reason rental payments could not be collected. Any Tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a reduction or failure to make rental payments when due. If a Tenant, particularly a major Tenant, defaults in its obligations under its lease, the relevant lessor may experience delays in enforcing its rights and may incur substantial costs and experience significant delays associated with protecting its investments, including costs incurred in renovating and re-letting the Property or the relevant parts of the Property. At the Valuation Date, 1.10 per cent. of the available space for letting (by total floorspace) within the Property is vacant. There can be no assurance that this vacant space will be let during the term of the Loan.

Net operating income from a commercial property may be reduced and the Borrower's ability to repay the Loan impaired, as a result of, among other things, an increase in vacancy rates for a property, taxes (whether arising structurally, as a result of clawbacks, or otherwise) a decline in market rental rates as leases are renewed or entered into with new tenants, an increase in operating expenses of the property and/or an increase in capital expenditures needed to maintain the property. Voids, service charge caps and exclusions and rent free periods (and other tenant incentives) can all impact on income and lead to leakage.

No assurance can be given that Tenants in the Property will continue making payments under their leases or that any such Tenants will not become insolvent or subject to bankruptcy proceedings or subject to administration in the future or, if any such tenants become subject to administration, that they will continue to make rental payments in a timely manner.

Certain parts of the Property have been sold on long leases, for example, two hotels; these could impact on future development. As is normal with shopping centres of the size and nature of the Shopping Centre certain key tenants have the benefit of areas of exclusivity and/or influence over the letting mix

and the permitted uses in leases of units in the vicinity of such key tenants' units. The issue is managed as part of the Borrower's letting strategy for the Shopping Centre. In addition, some tenants are entitled to rent reductions or to terminate their leases if other tenants cease to be located in the Shopping Centre or cease trading. All of this can adversely impact on the use of the Shopping Centre, future development and the ability to maximise income.

*Risks Relating to the Terms of the Leases.*

Leases may terminate earlier than anticipated if the relevant tenant surrenders its lease or defaults in the performance of its obligations. Further, leases contain break clauses which, if exercised, will lead to a termination of the relevant lease. As such, the Borrower will have to either seek to renew such tenancies or find new tenants for the vacated premises. As of the Valuation Date, 116 of the Tenants representing 32.82 per cent. of the gross operating cashflow from the Property have a right to break their lease prior to the Loan Maturity Date. There can be no assurance that some or all of the relevant Tenants will not elect to exercise their break clauses when available.

The Managing Agent is, in respect of each financial year, required to prepare and agree with the Security Group a leasing strategy in respect of the Property. This leasing strategy will give the Managing Agent flexibility to negotiate leases subject to the restrictions contained therein. However, there can be no assurance that leases on terms (including rent payable and covenants of the landlord) equivalent to those applicable to the leases in place on the Closing Date will be obtainable in the market at such time, that market practice will not have changed or that the circumstances of prospective Tenants will not make some or all of such provisions inappropriate. The state of the market as to the matters described above may result in a diminution in the quality of the Tenants of the Property or the terms of their Lease over the life of the Notes.

Any of these factors might result in a decline in the income produced by the Property or the incurrence by the Property Legal Owners of unforeseen liabilities (for which they are entitled to be indemnified by the Borrower, in its capacity as beneficial owner), which may in turn adversely affect the ability of the Obligors to meet their obligations in respect of the Loan and hence the ability of the Issuer to make payments on the Notes.

*Risks Relating to Frustration of Tenancies.* A tenancy could, in exceptional circumstances, be frustrated under English law whereupon the parties need not perform any obligation arising under the relevant agreement after the frustration has taken place. Under English law frustration may occur where superseding events radically alter the continuance of the arrangement under the agreement for a party thereto, so that it would be inequitable for such an agreement or agreements to continue. If a tenancy granted in respect of a property is frustrated this could operate to have an adverse effect on the income derived from, or able to be generated by, a particular property, which could cause the owner of such property to default on its loan. Therefore, there can be no assurance that any Lease will not terminate earlier than its term as a result of frustration.

*Risks Relating to the Rights of Tenants.* Under each lease there is a landlord obligation, among other things, to allow each Tenant quiet enjoyment of the part of the Property which is leased to it and to perform certain specified obligations. Where the landlord is in default of its obligations under a tenancy under the general law a right of set-off could be exercised against the landlord by a Tenant of part of the Property in respect of its rental obligations. However, in most cases the commercial Leases expressly exclude the right of set off.

In addition, risks related to Tenants may also be increased if there is a concentration of tenants in particular industries at a property. If a property is leased predominantly to tenants in a particular industry, the lender may not have the benefit of risk diversification that would exist in a case where tenants were not so concentrated. There can be no assurance that an economic decline in the retail sector would not adversely affect the ability of Tenants in such sector to meet their payment obligations to the Borrower under their respective lease agreements in respect of the Property and accordingly, the relevant Borrower's ability to meet its payment obligations under the Loan. Alternatively, a lack of tenant concentration can also expose a borrower or lender, to additional risks. If a property has multiple tenants, expenditures for re-tenanting may be more frequent than in the case of a property with fewer

tenants, thereby reducing the cashflow available for debt service payments. Multi-tenanted properties also may experience higher continuing vacancy rates and greater volatility in Rental Income and expenses. The foregoing would apply to Tenants in occupation from time to time of any parts of the Property pursuant to any Lease thereof.

*Risks Relating to Landlords' Liability to Provide Services.* Part of the Property is not intended to be let to tenants and comprise areas such as service ways, public arcades and other communal areas which are used by Tenants and visitors to the Property collectively, rather than being attributable to one particular unit or tenant (“**common parts**”). Certain Leases may contain a provision for the relevant Tenant to make a contribution towards the cost of maintaining the common parts calculated with reference, among other things, to the size of the premises demised by the relevant lease and the amount of use which such tenant is reasonably likely to make of the common parts. The contribution forms part of the service charge payable to the landlord (in addition to the principal rent) in accordance with the terms of the relevant Leases.

The liability of the landlord to provide the relevant services is, however, generally not conditional upon all such contributions being made and consequently any failure by any Tenant to pay the service charge contribution on the due date or at all would oblige Property Legal Owners (in their capacities as landlord) to provide for the shortfall from their own funds. The Property Legal Owners would also need to pay from their own moneys, service charge contributions in respect of any unlet parts of the Property, which would reduce amounts available to make payments on the Loan and the Notes. The Property Legal Owners will then be indemnified by the Borrower, in its capacity as the beneficial owner of the Property, for any liabilities they incur.

If the Borrower fails to pay the costs for works completed or materials delivered in connection with any capital improvements, whether or not the tenants are obliged to contribute, the Property Legal Owners could be the subject of legal action by the relevant contractors to recover the costs of such capital improvements and/or materials.

If a tenant is not paying a sum due under a lease, the Property Legal Owners will be entitled to exercise various remedies including applying to the court for forfeiture of the relevant lease.

Various of the leases contain service charge caps or exclusions or obligations on the landlord to pay for certain expenditure from its own resources (for example on promotions). In addition, the landlord can be obliged to apply a proportion of income towards subsidising the service charge. All of these can add to the shortfall in recovering the cost of services or lead to reduced income. Similarly, the cost of maintaining the car parks can only be recovered if the car park income is applied to the service charge. This will, therefore, reduce the amount of car park income available to the Car Park Owner.

Parts of the Property lie outside the Shopping Centre and include items such as bus stations, roads, and bridges. The Borrower looks to recover the cost of this through the service charge but there is no guarantee that tenants will be prepared to accept this going forward. This will be mitigated by adoption of some of the relevant assets in due course. There are currently three roads and three bridges which are maintained by the Borrower but which are to be adopted for maintenance purposes by the relevant authorities in the foreseeable future, subject to the roads/bridges being of the requisite standards. This will leave the bridge known as the Town Centre Link under the Borrower's responsibility and it is not intended that this bridge is adopted as the Borrower wishes to retain control over its use. The owners of the Shopping Centre from time to time must provide direct covenants to Network Rail to maintain the Town Centre Link. The Town Centre Link falls within the service charge regime as it is described as forming part of the Shopping Centre for the purposes of leases. However if the Town Centre Link requires complete replacement it may be difficult to recover the full replacement cost under the service charge arrangements. The Town Centre Link is however insured, was recently constructed and the Borrower has direct recourse to the relevant contractor and professional team through appointment documents or third party rights. As the bridges in a number of cases cross live railways, maintenance is more difficult and the consequences of causing damage to railways or trains on them are potentially very large. There are also other items of infrastructure which will need to be maintained, such as under track crossings which allow utilities to cross railways. There can be no certainty that the cost of maintaining these can be recovered from occupational Tenants.

### *Risks Relating to Statutory Rights of Tenants.*

In certain circumstances, in particular relating to the renewals of business tenancies, a tenant of a commercial property may have statutory rights to require the landlord to grant it a new lease pursuant to the Landlord and Tenant Act 1954 (such Act applies in England and Wales only). Should such a right arise, the landlord may not have their normal freedom to negotiate the terms of the new lease with the tenant, such terms being imposed by the court or being the same as those under the previous tenancy of the relevant premises.

The net cashflow realised from and/or the residual value of the Property may be affected by management decisions. The Managing Agent has wide discretions; in particular, the Managing Agent may be (subject to certain general restrictions) responsible for monitoring the letting of vacant units at the Property and liaising with any letting agents appointed in respect of such units, and receiving applications from tenants for landlord's consent. While such persons are experienced in managing retail properties, there can be no assurance that decisions taken by them or by any future managing agent will not adversely affect the values and/or cashflows of the Property.

The successful operation of a real estate project depends upon the managing agent's performance and viability. The managing agent is generally responsible for responding to changes in the local market; planning and implementing the rental structure; operating the property and providing building services; managing operating expenses; and assuring that maintenance and capital improvements are carried out in a timely fashion.

Property deriving revenues primarily from short-term sources, such as portfolios comprising a large number of units, are generally more management intensive than units leased to creditworthy tenants under long term leases. Given the size of the Property and the number of Leases, the portfolio requires intensive management and a good relationship with tenants in order to maintain and enhance income, minimise vacancy rates and also to ensure the Property is kept in good order.

A good managing agent, by controlling costs, providing appropriate service to tenants and seeing to the maintenance of improvements, can improve cashflow, reduce vacancy, leasing and repair costs and preserve the building's value. On the other hand, management errors can, in some cases, impair short-term cashflow and the long term viability of an income producing property.

No representation or warranty can be made as to the skills or experience of any present or future manager. Additionally, there can be no assurance that the managing agent will be in a financial condition to fulfil its management responsibilities throughout the terms of its management agreement. It should, however, be noted that the current managing agent – Westfield Europe Limited – is in the same group of companies as one of the 50% beneficial owners of the Shopping Centre and so, therefore, is incentivised to ensure the success of the Shopping Centre.

## **The Property**

### *Risks Relating to Environmental Laws.*

Existing environmental legislation imposes liability for clean-up costs on the owner or occupier of land where the person who caused or knowingly permitted the pollution cannot be found. The term "owner" would include anyone with a proprietary interest in a property. Even if more than one person may have been responsible for the contamination, each person covered by the relevant Environmental Laws may be held responsible for all the clean-up costs incurred.

If any environmental liability were to exist in respect of any parts of the Property, none of the Borrower Security Trustee, the Issuer Security Trustee, the Issuer or the Borrower should incur responsibility for such liability prior to enforcement of the Loan and any Borrower Security, unless it could be established that the Borrower Security Trustee, the Issuer Security Trustee (or the Servicer or the Special Servicer on behalf of the Borrower Security Trustee and/or the Issuer Security Trustee) or the Borrower had entered into possession of the affected parts of the Property or could be said to be in control of those parts of the Property affected. After enforcement, the Borrower Security Trustee, the

Issuer Security Trustee or the Borrower, if deemed to be a mortgagee or security holder in possession, or a receiver appointed on behalf of the Borrower Security Trustee or the Issuer Security Trustee, could become responsible for environmental liabilities in respect of the Property. However, the Borrower Security Trustee or the Issuer Security Trustee will need to be adequately indemnified for any environmental claims brought against it.

If an environmental liability arises in relation to any parts of the Property and is not remedied, or is not capable of being remedied, this may result in an inability to sell the Property or in a reduction in the price obtained for the Property, resulting in a sale at a loss.

In addition, third parties may sue a current or previous owner, occupier or operator of a site for damages and costs resulting from substances emanating from that site, and the presence of substances on the Property could result in personal injury or similar claims by private claimants.

An environmental assessment making certain recommendations was obtained in connection with the development of the Property in 2008. In addition there are certain obligations relating to contamination removal within the planning permission for the development of the Property. Remediation works to satisfy the recommendations in the 2008 environmental assessment and the planning permission obligations were carried out prior to the acquisition of the Property and to verify Westfield's remedial actions and obligations issued pursuant to the planning permission the environmental assessment was updated in 2011. The updated assessment confirmed all obligations had been satisfied and there were no material environmental concerns at the Property. However, there can be no assurance that all environmental conditions and risks have been completely or accurately identified in the assessment so there may be other environmental liabilities of which the Borrower is unaware.

It should also be noted that if any additional development were to be undertaken at the Property, environmental assessments may be required in connection with obtaining the necessary planning consents for such development. If any such environmental assessment indicates that there are environmental issues with respect to such property, whether because of a conversion in usage or otherwise, it is possible that the Security Group will be required to remediate such environmental issues.

#### *Risks Relating to Legal Title of the Property.*

The Property comprises registered land. Title to the Property was investigated by the Borrower's solicitors in the manner set forth under "*Management of the Property-Legal Due Diligence in Relation to the Property- Property Title Investigation*" below. The Certificate of Title did not identify in the opinion of the Borrower, a high risk of any situation that would have a material adverse impact on the Loan, other than as otherwise disclosed.

The presence of railways and transport assets beside and beneath the site will also have an impact on the ability to do future works and the nature of such of works. These include the London Underground ticket hall on the Property, the Docklands Light Railway line beneath it and the national railway and High Speed One lines beside it.

The infrastructure for the Property was in certain cases jointly procured with the Olympic Delivery Authority ("**ODA**"). As a result, the owners potentially have joint and several liability with the ODA (or its successors) for any breaches; this could lead to claims being made by utility providers against the owners for breaches not caused by the owners, although they can seek recovery from the ODA for this if caused by it. The infrastructure works in question have, however, been completed and final settlement discussions are under way with the relevant parties. The likelihood of the owners being exposed to such claims is therefore relatively low.

Certain title matters affect both the Property and adjoining land. Cross-indemnity provisions exist which allow for the recovery of costs from adjoining owners. However, there is the risk that the owners could be held liable for a breach by an adjoining owner or incur a loss as a result of its actions but be unable to recover its costs or losses if the adjoining owner has insufficient financial strength. The title matters in question are in the process of being discharged and therefore the risk is reducing. In addition

the adjoining owners are all wholly owned by Westfield Corporation and where the risk relates to the owners of the adjoining parcels that have not been developed the liabilities are de minimis.

*Risks Relating to Compulsory Purchase of the Property.*

Any property in the United Kingdom may at any time be compulsorily acquired by, among others, a local or public authority or a government department generally in connection with proposed redevelopment or infrastructure projects. No such compulsory purchase proposal has been revealed in the certificate of title issued by the English lawyers for the Borrower in relation to the Property.

If a compulsory purchase order were to be made in respect of all or parts of the Property, compensation would be payable on the basis of the open market value of all of the Security Group's and the Tenants' proprietary interests in the relevant part or parts of the Property at the time of the related purchase. The relevant freehold estate and any tenancy would both be acquired and the tenants would cease to be obliged to make any further rental payments to the Security Group under the relevant tenancy. The risk to Noteholders is that the amount received from the proceeds of purchase of the freehold or leasehold estate allocable to the Loan may be less than the corresponding Principal Amount Outstanding on the Notes together with accrued interest.

There is often 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, then, unless the Borrower or the other Obligors have other funds available, a Loan Event of Default may occur.

*Risks Relating to Planning Consents.*

All properties are subject to compliance with various local planning rules and regulations. Such planning rules will typically require local planning board or planning authority consent or approval to any significant construction or renovations to a property or any significant change in use for a property. Obtaining planning consent can be time consuming and, depending on the request being made to the planning board or planning authority, costly and difficult to obtain. However, failure to so comply with planning rules and regulations (together with an inability to remedy such failure) could result in penalties being assessed against the related property and failure to obtain further consents necessary to complete any action to construct, modify or change usage with respect to such property. Also, any failure to comply with such planning and other rules and regulations in relation to the Property would likely result in a Loan Event of Default.

The current use of the Property is permitted by a variety of planning permissions which are subject to conditions that require ongoing compliance by both the Borrower and tenants. Further, the Property is subject to a number of section 106 planning obligations entered into at the time that the planning permissions governing the development and use of the Property were granted. Such obligations are not binding on (and so cannot be breached by) the tenants of the Property. However, at the time that the planning obligations were entered into, the Property formed part of a wider development site ("zone 1"). The nature of the majority of the obligations are such as to make them specific to the Property. Breach of such obligations will be enforced against the Borrower. However, a number of obligations were entered into that are considered to be of site wide effect and may be breached by the owner of those other parts of zone 1 that are not included within the Property. However, the risk that the local planning authority may seek to enforce such obligations against the Borrower rather than the current owner of that part of the site to which the breach relates is considered low. Further, even were such site wide obligations to be breached, enforcement action would not impact upon the current use and operation of the Property.

*Risks Relating to the Cashflow Calculations*

Except as specified otherwise, the cashflow figures for the Property set out in this Prospectus are based on the figures presented in the Valuation Report and the rent rolls of the Property provided with the Valuation Report. No representation is made that any cashflow figures set forth in this Prospectus as of

the Valuation Date or any other date represent future cashflows. Each prospective investor should make its own determination of the appropriate assumptions to be used in determining the cashflow figures for the Property. The cashflow figures set forth in this Prospectus may reflect calculations and assumptions used in the Valuation Report and the rent rolls of the Property provided with the Valuation Report and should not be used as a substitute for, and may vary (perhaps substantially) from, cashflow as determined in accordance with generally accepted accounting principles as applied with respect to the Borrower (“GAAP”) as a measure of the results of a property's operation or as a substitute for cashflows from operating activities determined in accordance with GAAP as a measure of liquidity. For example, the interest coverage ratios set forth in this Prospectus for the Loan and the Property vary, and may vary substantially, from the interest coverage ratios for the Loan and the Property as calculated pursuant to the definition of such ratios as set forth in the Transaction Documents.

*Risks Relating to the Limitations of Valuation.*

The Valuation was performed by a valuer that is a member of the Royal Institution of Chartered Surveyors. The aggregate valuation of the Property as at the dates of the Valuation was £1.955 billion. The values set forth in this Prospectus for the Property were based upon the net values of the Property. In general, valuations represent the analysis and opinion of qualified valuers and are not guarantees of present or future value. One valuer may reach a different conclusion than the conclusion that would be reached if a different valuer were appraising such property. Moreover, valuations seek to establish the amount a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the related borrower. However, there can be no assurance that the market value of the Property will continue to equal or exceed such valuation. As the market value of the Property fluctuates, there can be no assurance that the market value of the Property will be equal to or greater than the unpaid principal and accrued interest and any other amounts due under the Issuer/Borrower Facility Agreement. If the Property is sold there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Issuer/Borrower Facility Agreement. In particular, it should be noted that the Property is a specialised property asset for which no ready market may exist.

There will not be an annual Valuation unless the Loan is Specially Serviced. A Valuation may be commissioned in the circumstances set out in the section entitled “*The Issuer Borrower Facility Agreement – Property Undertakings*”.

*Risks Relating to Insurance on the Property.*

Each Obligor has covenanted in the Issuer/Borrower Facility Agreement that it will exercise such rights as it has to procure that the Property and plant and machinery thereon are insured on a full reinstatement basis including at least three and a half years' loss of rent insurance or ensure that such insurance is maintained.

The Property is or will be, prior to the Closing Date, insured under an “All Risks” insurance policy (subject to usual policy exclusions, terms and conditions and including terrorism, covering physical loss or damage as well as loss of rent insurance, gross earnings loss and extra expenses, being additional expenses incurred as a result of physical loss or damage).

The insurance against loss of rental value will cover the loss of rent during the period of rent cessation, although there could be administrative delay in obtaining payment by the insurers which could affect the ability of the Borrower, and accordingly also the Issuer, to meet its payment obligations during that period of delay.

Although each relevant Tenant will be liable for the rent if the relevant lease subsists after that period, it is likely that a tenant so affected would exercise any rights it may have to terminate its lease (where such right is granted) if the premises are not reinstated in time. Thus, after the expiry of the period of coverage for loss of rent, the relevant Obligor could cease to be entitled to both the Rental Income from parts of the Property and further loss of rent insurance. In addition, if those circumstances applied, the proceeds of the insurance taken out by an Obligor (which will cover the costs of reinstatement) may not

be sufficient to pay, in full, all the amounts due from the Borrower under the Issuer/Borrower Facility Agreement and, hence, the Notes.

The terms of most of the tenancies require the landlord to carry out the reinstatement of damaged premises following damage or destruction by an insured risk subject to any necessary planning permission or other consents being obtained, and to apply the proceeds of the buildings insurance (other than loss of rent insurance moneys) for this purpose.

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

There can be no assurance that the Managing Agent will procure the maintenance of the insurance required under the Borrower Finance Documents, the Leases (if applicable) or the Management Agreement or that such insurance will be adequate. Moreover, if reconstruction or any major repairs are required, changes in laws or planning requirements may materially affect the Borrower's ability to effect any reconstruction or major repairs or may materially increase the costs of the reconstruction or repairs. Terrorism is currently an insured risk.

Damage caused by uninsured risks may result in a loss of income without the availability of insurance proceeds to rebuild the Shopping Centre, and also the risk of losing the tenants who would generally be entitled to terminate their leases. As with any insurance shortfall, the Borrower would be required to pay for reinstatement from its own funds. This would include reinstating the podium structure beneath both hotels next to the Shopping Centre, where the Property Legal Owners owe reinstatement obligations in respect of their podiums and access routes to the long leaseholders of the hotels.

Damage caused by insured or uninsured risks can also lead to rent cessers and, potentially, termination rights which might not always be covered in full or at all by loss of rent insurance.

### **Due Diligence in Relation to the Property**

#### *Risks relating to title due diligence*

Due diligence on the Property has been carried out by the Issuer for the purposes of the transaction; see the section entitled "*Management of the Property – Due Diligence in Relation to the Property*". However, the due diligence described therein was not of an exhaustive nature being based upon an examination and consideration of the documents of title and other documents and papers relating to the Property produced to or obtained by the Borrower's solicitors, Ashurst LLP, and a consideration of the results of searches and enquiries made of the local authority and other statutory bodies and utility providers. This is not unusual in the context of due diligence based upon, as in this case, the production of a Certificate of Title in the form of the City of London Law Society Long Form Certificate of Title (sixth edition 2008 update), however, there is a risk that the limited nature of the due diligence could result in a failure to identify an issue in respect of the Property with the potential impact on the Borrower's ability to repay the Loan which is the source of repayment of the Notes.

#### *Risks relating to Property Title Investigation*

The Borrower's solicitors, Ashurst LLP, examined and considered the documents of title and other documents and papers relating to the Property produced to or obtained by them and considered the results of searches and enquiries of the local authority and other statutory bodies and utility providers. They did not inspect the Property or make any enquiries of the occupiers of the Property (other than the Borrower) or consider any environmental assessments, audits, surveys or other reports on the environmental condition of the Property. In investigating title to the Property they assumed that:

- (a) all original and copy documents relating to the Property had been validly executed and delivered by the parties to them and that all documents were within the capacity and powers of and had been validly executed by each party;
- (b) the Borrower had provided them with all documents relating to the Property of which it has knowledge together with such other information in its possession which was material for the purpose of the title investigation but subject to the limited number of leases that the Borrower's solicitors were asked to review as noted below; and
- (c) each document produced to them was a true copy of the original.

The Borrower's solicitors have only reviewed the leases to John Lewis, Marks & Spencer, Waitrose, Aspers and Vue and the two long leases of the hotels. The Certificate of Title produced by the Borrower's solicitors did not cover any other occupational leases for the Shopping Centre.

In addition, DAC Beachcroft LLP, also on behalf of the Borrower have reviewed (on the same basis) the next 20 leases with the highest annual passing rent at the Property and have produced Certificates of Title in relation to those leases. In aggregate, the leases reviewed by the two firms represent approximately 30.95 per cent of the current gross rental income of the Property at the date of such review.

*Certain parts of the Property are held in Limited Partnerships, in respect of which an Administrative Receiver cannot be appointed*

By virtue of the Insolvent Partnerships Order 1994 (the “**1994 Order**”), the Insolvency Act applies to an insolvent English limited Partnership (a “**1907 Limited Partnership**”) constituted under the Limited Partnerships Act 1907 (the “**1907 Limited Partnerships Act**”) subject to the modifications set out in the 1994 Order. Provided that the limited partnership is registered in accordance with the 1907 Limited Partnerships Act, limited partners are not liable for the debts and obligations of the partnership beyond the amount of their capital contribution, except (i) as specified in the relevant partnership deed or agreement and (ii) as provided in sections 4(3) and 6(1) of the 1907 Limited Partnerships Act (see below). 1907 Limited Partnerships registered in England and Wales do not have a legal personality separate from their partners.

Nonetheless, a change in either of the Limited Partners will not constitute the termination or dissolution of a 1907 Limited Partnership. Unless released by the other partners and creditors of the partnership, a retiring partner will remain liable for obligations arising under sections 4(3) and 6(1) of the 1907 Limited Partnerships Act. Section 4(3) of the 1907 Limited Partnerships Act provides that a limited partner who either directly or indirectly draws out, or receives back, any part of its capital contribution, becomes liable for the debts and obligations of the partnership up to the amount so drawn out or received back. Section 6(1) of the 1907 Limited Partnerships Act provides that a limited partner who has participated in the management of the partnership business is jointly liable for all debts and obligations of the partnership incurred during the period its participation continues.

Pursuant to sections 28(1) and 29(2) of the Insolvency Act 1986, an administrative receiver can only be appointed to the assets of a company registered under the Companies Act 2006 in England, Wales or Scotland. Therefore, it is not possible for an administrative receiver to be appointed in respect of a limited 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 a 1907 Limited Partnership and its 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.

Each of the Borrower and the Car Park Owner (together the “**Limited Partnerships**”), which between them hold the beneficial interest in the Property, is a 1907 Limited Partnership. The Borrower Security Trustee will not be able to prevent an administration of the Limited Partnerships.

With a view to mitigating the risk that the Borrower Security Trustee could not block the appointment of an administrator to the Limited Partnerships, the legal interest in respect of the Property is held jointly by Stratford City Shopping Centre (No.2) Nominee A Limited (“**No. 2 Nominee A**”) and Stratford City Shopping Centre (No.2) Nominee B Limited (“**No. 2 Nominee B**”) (as joint trustees and the “**Property Legal Owners**”) who hold the legal interest of the Borrower and the Car Park Owner in the Property on a trust for land (as defined in the Trusts of Land and Appointment of Trustees Act 1996), pursuant to a declaration of trust dated 31 January 2012 as amended, restated, and supplemented, by a first supplemental trust deed (the “**First Supplemental Trust Deed**”) to be entered into on or around the Closing Date between No. 2 Nominee A, No. 2 Nominee B., the Borrower, the Car Park Owner and the Borrower Security Trustee (the “**Declaration of Trust**”). Pursuant to the First Supplemental Trust Deed and a beneficiary undertaking deed, each of the Borrower and the Car Park Owner will covenant to No. 2 Nominee A and No. 2 Nominee B and the Borrower Security Trustee that it will not call for a transfer to it of its legal interest in the Property or for a dissolution of the trust or for a transfer of title to the relevant Property and has covenanted that it will not transfer its beneficial interests in the relevant Property. Each of No. 2 Nominee A and No. 2 Nominee B will grant full fixed and floating security over all of its property, assets and undertaking pursuant to the Borrower Deed of Charge and covenant to pay, guarantee and indemnify the Borrower Security Trustee in respect of, inter alia, the obligations of the Borrower and the other Obligors under the Borrower Transaction Documents. Accordingly, if the Borrower goes into administration and No. 2 Nominee A and No. 2 Nominee B are not insolvent at that time, No. 2 Nominee A and No. 2 Nominee B, as trustees of land, may have the right, inter alia, to hold and manage the relevant Property and collect income in respect of the Property in the ordinary course (notwithstanding the appointment of an administrator over the partnership assets of the Borrower). The effectiveness of such arrangements could, however, be challenged by an administrator in the courts of England and Wales and there can be no assurance that any such challenge would not succeed and, accordingly, that the timing, or ultimate recovery, in respect of the enforcement of the Borrower Security would not be affected.

Pursuant to the Borrower Deed of Charge, and the security interests granted thereunder over the shares in, *inter alios*, No. 2 Nominee A and No. 2 Nominee B, one of the modes of security enforcement that may be pursued by the Borrower Security Trustee (should the Borrower Security become enforceable) is that the Borrower Security Trustee may (but is not required to) enforce its rights under the share charge in respect of the No. 2 Nominee A and No. 2 Nominee B.

*The application of the Small Companies Moratorium may limit enforcement*

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 or Obligors that are incorporated as companies 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 (although refer to *Certain of the Property are held in Limited Partnerships, in respect of which an Administrative Receiver cannot be appointed* above), 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, nonetheless, be excluded from being so eligible for a moratorium. As at the Closing 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 Security Trustee’s ability to enforce the Issuer Security or the Borrower Security Trustee’s ability to enforce the Borrower Security, to the extent that 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 Borrower Security or the Issuer Security purport to take effect as fixed Security Interests, they may in fact take effect as floating Security Interests*

A court may find that certain of the fixed mortgages, charges, pledges, liens or other security interests securing any obligation of any person or any other agreement or arrangement having a similar effect (the “**Security Interests**”) expressed to be created by the Borrower Deed of Charge and the Issuer Deed of Charge 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 Borrower Security Trustee or, as the case may be, the Issuer Security Trustee has the requisite degree of control over the chargor’s ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the Borrower Security Trustee or, as the case may be, the Issuer Security Trustee in practice.

It should be noted that the Borrower Deed of Charge will not restrict the Security Group from withdrawing moneys from the Operating Accounts in accordance with the Borrower Finance Documents. As a consequence of this, the purported grant of a fixed charge by an Obligor over the Operating Accounts may in practice take effect as a floating charge. However, in respect of the mortgage over the Property, this is likely to take effect as fixed Security Interest.

If the fixed security interests are re-characterised as floating security interests, the claims of the unsecured creditors and certain statutorily defined preferential creditors of the relevant Obligor or, as the case may be, of the Issuer may have priority over the rights of the Borrower Security Trustee or the Issuer Security 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 Borrower 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 disappplied on the same ground. Accordingly, pursuant to the Enterprise Act 2002, any floating charge realisations upon the enforcement of the Borrower Security and/or the Issuer Security will be reduced by the operation of the ring-fencing provisions.

A receiver appointed by the Borrower Security Trustee or the Issuer Security Trustee would also be obliged to pay preferential creditors out of floating charge realisations in priority to payments to the Borrower Finance Parties and the Issuer Secured Creditors (including the Noteholders), respectively. The categories of preferential debts are certain amounts payable in respect of occupational pension schemes, employee remuneration and levies. It should be noted, however, that, pursuant to the covenants contained in the Issuer Deed of Charge, the Issuer is not permitted to have any employees and its activities are otherwise restricted. Accordingly, if the Issuer complies with the covenants contained in Issuer Deed of Charge, it is unlikely that the Issuer will have any preferential creditors.

Section 245 of the Insolvency Act provides that, in certain circumstances 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 that the Issuer was solvent as at the Closing 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 ability to appoint an administrative receiver may be hindered by the application of the Enterprise Act 2002 in respect of floating charges*

The provisions of the Enterprise Act restrict the right of the holder of a floating charge to appoint an administrative receiver (unless the security was created prior to 15 September 2003 or an exception applies) and instead give primacy to collective insolvency procedures (in particular, administration).

The Insolvency Act 1986 contains provisions that continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the appointment of an administrative receiver is not prohibited if it is made in pursuance of an agreement which is or forms part of a capital market arrangement (as defined in the Insolvency Act 1986) under which a party incurs or, when such agreement was entered into was expected to incur, a debt of at least £50 million and if the arrangement involves the issue of a capital market investment (also defined in the Insolvency Act 1986, but generally a rated, listed or traded debt instrument). While there is no reported case law on how these provisions would be interpreted, it should be applicable to the floating charges granted by the Issuer and the Obligors (other than the Limited Partnerships). However, as this issue is partly a question of fact, were it not possible to appoint an administrative receiver in respect of the Issuer or the Obligors, they could be subject to administration if they were to become insolvent. In addition, 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 given that any such modification or provision in respect of the capital markets exception or its ceasing to be application to the transactions described in this Prospectus will not be detrimental to the interests of the Noteholders.

## **Conflicts of Interest**

### *Conflicts Between Westfield Corporation (other than the Security Group) and Issuer*

Potential conflicts of interest between Westfield Corporation (other than the Security Group) and the Issuer may arise because Westfield Corporation (other than the Security Group) will not be prohibited in any way from engaging in business activities similar to or in competition with those of the Security Group. Westfield Corporation (other than the Security Group) intends to continue to actively acquire, develop, operate, finance and dispose of property-related assets in the ordinary course of their business. During the course of their business activities Westfield Corporation (other than the Security Group) may acquire, own or sell properties or finance loans secured by properties which are in the same markets as the Property. In such a case, the interests of the Security Group or such affiliates within Westfield Corporation (other than the Security Group) may differ from and compete with the interests of the Issuer, and decisions made with respect to such assets may adversely affect the amount and timing of payments with respect to the Notes. In addition, Westfield Corporation (other than the Security Group) may have business, lending or other relationships with, or equity investments in, obligors under loans or tenants and potential conflicts of interest could arise between the interests of the Issuer and the interests of Westfield Corporation (other than the Security Group) arising from such business relationships.

### *Conflicts of interest with third parties*

Given the joint venture and co-ownership arrangement, Westfield Corporation does not have exclusive control over the development, financing, leasing, management and other aspects of the Property. From time to time, major decisions may be required to be made in respect of the Property, for example, redevelopment and refurbishment, refinancing, the sale of surplus land and the purchase of additional land. The co-owners' interests or goals may be inconsistent with the one Westfield Corporation's business interests or goals. Disputes between Westfield Corporation and co-owners may result in litigation or arbitration that would increase expenses and prevent Westfield Corporation's officers and/or directors from focusing their time and effort on Westfield Corporation's business.

Pre-emptive provisions apply to sales or transfers of interests in the Property. These provisions may work to Westfield Corporation's disadvantage because, among other things, Westfield Corporation might be required to make decisions about buying or selling interests in these properties at a time that is disadvantageous to it.

There is also the risk that the co-owner might become insolvent or default on their obligations, resulting in their interests becoming subject to external administration, transferred to creditors or sold to third parties, or otherwise act in a manner that adversely affects Westfield Corporation.

### *Potential Conflicts Between Servicing Entities and the Issuer*

The Issuer has been advised by the Servicer and Special Servicer, as applicable, that each of them intends to continue to service existing and new loans for third parties and its own portfolio, including loans similar to the Loan, in the ordinary course of their business. These loans may be in the same markets or have common owners, obligors and/or managing agents as the Loan and the Property. Certain personnel of the Servicer or Special Servicer, as applicable, may, on behalf of the Servicer or Special Servicer, as applicable, perform services with respect to the Loan at the same time as they are performing services, on behalf of other persons or itself, with respect to other loans in the same markets as the Property.

In such a case, the interests of the Servicer or Special Servicer, as applicable, and each of their affiliates and their other clients may differ from, and compete with, the interests of the Issuer and such activities may adversely affect the amount and timing of collections on the Loan.

In addition, affiliates of the Servicer or Special Servicer, as applicable, may actively engage in the financing of commercial property, including commercial property that competes with the Property, and may in the future have relationships, including financing relationships, with the equity owners of the Borrower. Such activities and relationships may create conflicts of interest for a Servicer or Special Servicer, as applicable, in its servicing of the Loan.

Although the potential for a conflict of interest exists in these circumstances, pursuant to the terms of the Servicing Agreement, the Servicer or Special Servicer, as applicable, have agreed to act in accordance with the Servicing Standard which would require them to service such loans without regard to such affiliation.

## **The Notes**

### *Absence of Operating History of the Issuer; Reliance on Agents*

The Issuer is a recently formed orphan special purpose company whose business will consist solely of the issuance of the Notes, the lending of the proceeds of the Notes to the Borrower under the Issuer/Borrower Facility Agreement, the entering into and performance of the Issuer Transaction Documents, related agreements and certain ancillary activities related to its participation in the transactions described in this Prospectus. The Issuer has no operating history. Certain of the business activities of the Issuer are to be carried out on behalf of the Issuer by agents appointed by the Issuer for such purpose. Neither the Issuer nor the Issuer Corporate Services Provider will have any role in determining or verifying the data received from the Servicer, the Special Servicer, the Issuer Cash Manager, the Issuer Account Bank, the Paying Agent and any calculations derived therefrom.

### *Risks Relating to the Limited Recourse of the Issuer*

If the proceeds of enforcement of the Issuer Security are insufficient (after payment of all other claims ranking higher in priority to or *pari passu* with amounts due under the Notes) to make payment in full of all amounts then due in respect of the Notes, then the Noteholders will have no further claim against the Issuer in respect of such unpaid amounts. Accordingly, enforcement of the Issuer Security and appointment of a receiver over the secured assets is the only substantive remedy available for the purposes of recovering amounts owed in respect of the Notes.

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, Westfield Corporation, the Arrangers, the Joint Lead Managers, the Issuer Related Parties, the Common Depositary or the shareholders of the Issuer or any company in the same group of companies as the Arrangers, the Joint Lead Managers, the Managing Agent, the Issuer Related Parties, the Common Depositary, or the shareholders of the Issuer and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

### *Risks Relating to the Calculation of Amounts and Payments*

The Issuer Cash Manager will rely on the Servicer and the Special Servicer to provide it with information on the basis of which it will make the determinations required to calculate payments due on the Notes on each Determination Date as described in “*Issuer Cash Management -Calculation of Amounts and Payments*”. If the Servicer or, as the case may be, the Special Servicer fails to provide the relevant information to the Issuer Cash Manager, the Issuer Cash Manager may not be able to accurately determine amounts due to Noteholders on the related Note Payment Date.

The Issuer Cash Management Agreement will provide that if such a situation arises, the Issuer Cash Manager will make its determinations based on the information provided to it by the Servicer or, as the case may be, the Special Servicer on the three preceding Determination Dates (or, if there have not been three preceding Determination Dates, the Determination Dates (if any) which preceded) and will not be liable to any person (in the absence of gross negligence, fraud and wilful default) for the accuracy of such determinations. There can, however, be no assurance that determinations made on this basis will accurately reflect amounts then due to Noteholders.

### *Considerations Relating to Yield and Prepayments*

The yield to maturity on the Notes will depend, in significant part, upon the rate and timing of principal payments on the Loan. For this purpose, principal prepayments include both voluntary prepayments, if permitted, and involuntary prepayments, such as prepayments resulting from casualty or condemnation, defaults and liquidations or repurchases upon breaches of representations and warranties. A higher prepayment rate in respect of the Loan will result in an increase in the weighted cost of capital with respect to the Noteholders (as a collective whole) which may result in a shortfall of amounts available to pay amounts accrued above the weighted average coupon rates received in connection with the Issuer's assets.

The investment performance of any Note may vary materially and adversely from expectations due to the rate of payments and other collections of principal on the Loan being faster or slower than anticipated. Accordingly, the actual yield may not be equal to the yield anticipated at the time the Note was purchased, and the expected total return on investment may not be realised.

An independent decision should be made by prospective Noteholders as to the appropriate prepayment assumptions to be used when deciding whether to purchase any Note.

### *Risks Relating to Final Maturity Date of the Notes*

Depending on the facts and circumstances of the Property, the Borrower, the Loan and the conditions in the markets in which they are situated, the Loan may not be fully repaid and/or the Borrower Security may not be realised in full by the Final Maturity Date. This is most likely to arise in situations where prevailing market conditions are such that realisations of the Property made on or before the Final Maturity Date is likely to be lower than could be achieved by deferring such realisations. Failure to repay the Notes in full by the Final Maturity Date will result in a Note Event of Default entitling the Note Trustee to serve a Note Acceleration Notice and is likely to result in the credit ratings of the Notes being downgraded or withdrawn by the Rating Agencies.

If the Loan remains outstanding six months prior to the Final Maturity Date and all recoveries then anticipated with respect to the Loan (whether by enforcement of the Borrower Security or otherwise) are unlikely to be realised in full prior to the Final Maturity Date, the Special Servicer will be required to present a Note Maturity Plan with a selection of proposals to the Issuer, the Noteholders, the Note Trustee and the Issuer Security Trustee relating to the final disposal or other resolution of the Loan, which assumes that the Notes are not repaid on their Final Maturity Date. At least one proposal provided by the Special Servicer must be that the Note Trustee, at the cost of the Issuer, will engage an independent financial adviser or a receiver to advise the Note Trustee as to the winding up of the Issuer.

Upon receipt of the Note Maturity Plan, the Note Trustee will convene a meeting of the Noteholders at which the Noteholders will have the opportunity to discuss the various proposals contained in the Note Maturity Plan with the Special Servicer. Following such meeting, the Special Servicer will if so requested, reconsider the Note Maturity Plan and make modifications thereto to address the views of Noteholders (subject to the Servicing Standard) following which it shall provide a final Note Maturity Plan to the Issuer, the Noteholders, the Note Trustee and the Issuer Security Trustee. If at the time of the meeting to consider the final Note Maturity Plan, the latest Valuation would be 12 months or more old, then the Servicer or, as the case may be, the Special Servicer will request the preparation of a new Valuation to be made available at that meeting.

Upon receipt of the final Note Maturity Plan, the Note Trustee will either (at the direction of the Special Servicer) convene, at the cost of the Issuer, a meeting of the Noteholders at which the Noteholders will be requested to select their preferred option among the proposals set forth in the final Note Maturity Plan and/or request (at the cost of the Issuer) the approval of the Noteholders of their preferred option amongst the proposal set out in the final Note Maturity Plan by way of Written Resolution (the Note Trustee will be entitled to state that if such Written Resolution is obtained before the meeting, the meeting will not take place). The Special Servicer will implement the proposal that receives the approval of the holders of the Notes then outstanding by way of Ordinary Resolution (or

an Extraordinary Resolution if a Basic Terms Modification is included in the final Note Maturity Plan). If no option receives the approval of the holders of the Notes then outstanding at such meeting, then on the Final Maturity Date, the Note Trustee will be deemed to be directed by all of the Noteholders to instruct the Issuer Security Trustee to appoint a receiver in order to realise the property, assets and rights (present and future) of the Issuer which are subject to the encumbrances created by the Issuer pursuant to the Issuer Deed of Charge (the “**Issuer Charged Property**”) in accordance with the Issuer Deed of Charge provided that it will have no obligation to do so if it shall not have been indemnified and/or secured and/or prefunded to its satisfaction. Such realisation may be undertaken in unfavourable market conditions and may be perceived by the market to be a “fire sale” both of which may reduce the amount recovered by such receiver and hence the amount available to repay the Notes.

#### *Risks Relating to the Swap Agreements*

The Issuer will, on or before the Closing Date, enter into the Swap Agreements to hedge risk existing by virtue of the differences between the rates of interest payable by the Borrower under the Loan and the rates of interest payable in respect of the Notes. Pursuant to the Swap Transaction, the Issuer will pay a swap rate to the Swap Providers in return for receipt of three-month Sterling LIBOR from the Swap Providers.

The obligations of the Issuer to the Swap Providers under the Swap Agreements including any obligation to pay a Swap Termination Payment, but excluding any Swap Subordinated Amounts, shall (to the extent that such amounts are (i) payable by the Issuer to the Swap Provider; and (ii) not paid from amounts standing to the credit of the relevant Swap Collateral Cash Account or otherwise outside the Issuer Priority of Payments) rank senior to all interest and principal, due or overdue in respect of the Notes, to the Noteholders (other than with respect to Swap Subordinated Amounts which shall rank junior to the payment obligations of the Issuer in respect of the Notes).

The Borrower will agree to pay to the Issuer as part of the Facility Fees the amount of any Swap Termination Payment due from the Issuer to the relevant Swap Provider, to the extent that the Issuer has insufficient funds to pay any such amount. However, if, at any time a Swap Termination Payment becomes payable by the Issuer, there can be no assurance that the Borrower will have sufficient funds to pay such amount to the Issuer, that the Issuer will have sufficient funds available to make any Swap Termination Payment under the Swap Agreement or that the Issuer will have sufficient funds to make subsequent payments to the Noteholders. In that case, the shortfall may be funded from amounts which might otherwise be used to pay the Noteholders to the extent that such Swap Termination Payment ranks senior to all interest and principal due or overdue in respect of the Notes.

If the Loan is prepaid in an amount that would cause the notional balance of the Swap Transactions to be more than the principal balance of the Loan, the terms of the Swap Agreements provided that there will be a partial termination of the Swap Transactions, to cause the notional balance thereof to equal the outstanding principal balance of the Loan. Therefore, if the notional amount of the Swap Transactions is greater than the principal amount of the Loan, the Issuer may incur costs in terminating that portion of the swaps. In the event the notional amount of a Swap Transaction, as applicable, is less than the principal amount of the Loan and further swap arrangements are not entered into with respect to such excess amount, the Issuer will be exposed to interest rate risk. As a result, amounts available for distribution on the Notes may be reduced.

In addition, if the Issuer fails to make payments of amounts due and payable under the Swap Agreements, as applicable, in accordance with its terms, such non-payments will constitute a default thereunder and entitle the Swap Providers to terminate the Swap Transaction. The Swap Providers are only obliged to make payments to the Issuer as long as the Issuer complies with its obligations under the relevant Swap Transactions.

If a Swap Provider is not obliged to make payments, or defaults in its obligations to make payments to the Issuer on the payment date under the relevant Swap Transaction, the Issuer will be exposed to the mismatch between the fixed rates payable by the Borrower under the Loan and the interest rate payable on the Notes.

There are certain additional circumstances in which a Swap Transaction may be terminated, such as a downgrade of the rating of the relevant Swap Provider.

Noteholders may suffer a loss if a Swap Transaction terminates and the Issuer, as a result of such termination, does not receive sufficient funds to make all payments then due on the Notes. In addition, if a Swap Transaction terminates early and a replacement swap transaction is not entered into, the Issuer will be exposed to interest rate risk and, as a result, amounts available for distribution on the Notes may be reduced.

If a Swap Transaction (or part thereof) terminates early, depending on the changes in three-month Sterling LIBOR, then the Issuer may be obliged to make a Swap Termination Payment to the relevant Swap Provider.

The Borrower will indemnify, or fund through the Facility Fees, the Issuer for termination payments in respect of a Swap Transaction (to the extent not paid directly by the Issuer).

There can be no assurance that the Issuer will have sufficient funds available to make a Swap Termination Payment, nor can there be any assurance that the Issuer will be able to enter into a replacement swap transaction, or if one is entered into, that the credit rating of the replacement swap provider will be sufficiently high to prevent a downgrade of the then current ratings of the Notes by the Rating Agencies.

The Issuer is subject to certain regulatory requirements including, but not limited to, various compliance requirements for non-cleared "over-the-counter" derivative transactions (known as the 'risk mitigation techniques') and the requirement to report derivative transactions to a trade repository or to the European Securities and Markets Authority ("ESMA") pursuant to European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation ("EMIR") (which entered into force on 16 August 2012). In addition, such regulatory requirements may give rise to additional costs and expenses for the Issuer which would be payable prior to making payments on the Notes and, to the extent not adhered to, result in the Issuer being in breach of such regulatory requirements. The Issuer will delegate its obligations under EMIR to report derivative transactions to a trade repository or the ESMA and comply with the portfolio reconciliation and dispute resolution "risk mitigation technique" requirements set out in EMIR. If any such delegate fails to carry out such roles on behalf of the Issuer, the Issuer will be in breach of its regulatory obligations, unless the Issuer undertakes such obligations itself or arranges for another third party to do so on its behalf. If any relevant third party were to fail to perform its obligations under the respective agreements to which it is a party, payments on the Notes may be adversely affected.

For a more detailed description of the Swap Agreements and Swap Transactions see the section entitled "*The Swap Arrangements*" below.

#### *Limitations of Representations and Warranties Delivered by the Borrower and the other Obligors*

Neither the Issuer nor the Issuer Security Trustee has undertaken or will undertake any investigation, search or other action as to the Borrower's status, and each will rely instead solely on the warranties given by the Borrower and the other Obligors in respect of such matters in the Issuer/Borrower Facility Agreement.

#### *Effects of a Loan Event of Default*

The rate and timing of any delinquencies or defaults on the Loan will affect the aggregate amount of distributions on the Notes, their yield to maturity, the rate of principal payments and their weighted average life.

The only sources of payment for the Notes will be payments by the Borrower (and the other Obligors) under the Loan, the amounts available from time to time under the Liquidity Facility Agreements and the payments by the Swap Providers under the Swap Transactions. Any losses on the Loan or such

Swap Transactions will be allocated to the holders of the Notes, as described under “- *Subordination*” below.

If anticipated yields are calculated based on assumed rates of default and losses that are lower than the default rate and losses actually experienced and such losses are allocable to the Notes, the actual yield to maturity will be lower than the assumed yield. Under certain extreme scenarios, such yield could be negative. In general, the earlier a loss borne by the Notes occurs, the greater the effect on the related yield to maturity.

Additionally, any delinquencies and defaults on the Loan may significantly delay the receipt of distributions on the Notes, unless Liquidity Drawings are made to cover shortfalls resulting from delinquent payments.

#### *Subordination*

On each Note Payment Date, payments of interest and repayments of principal (if any) will be made to Noteholders in the manner and in the priorities set out in the section “*Available Funds and the Issuer Priorities of Payment*”.

Certain amounts payable by the Issuer to third parties such as the Issuer Related Parties will rank in priority to, or *pari passu* with, payments of principal and interest on the Notes, both before and after an enforcement of the Issuer Security.

The validity of contractual provisions that subordinate certain payments upon an insolvency, such as those contemplated with respect to the Swap Providers has been challenged in the English and U.S. courts. The hearings have arisen due to the insolvency of a secured creditor (in that case a swap counterparty). The English courts considered whether such payment priorities breach the anti-deprivation principle under English insolvency law, while the U.S. court considered whether such payment priorities violated the ipso facto prohibition under the U.S. Bankruptcy Code.

The anti-deprivation principle prevents 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. The Court of Appeal in *Perpetual Trustee Co Ltd & Anor v BNY Corporate Trustee Services Ltd & Ors* [2009] EWCA Civ 1160) dismissed this argument and upheld the validity of similar priorities of payment, stating that such contractual provisions were not invalidated by the anti-deprivation rule. The English Supreme Court upheld this decision in *Belmont Park Investments Pty v. BNY Corporate Trustee Services Ltd* [2011] UKSC 38.

In parallel proceedings, the U.S. Bankruptcy Court for the Southern District of New York held that the contractual provision modifying Lehman Brothers Special Financing Inc.’s payment priority upon the filing of a bankruptcy case constituted an improper ipso facto provisions under the U.S. Bankruptcy Code. See *Lehman Brothers Special Financing Inc. v. BNY Corporate Trustee Services Limited (In re Lehman Bros. Holdings Inc.)*, 422 B.R. 407 (Bankr. S.D.N.Y. 2010). The court recognised that the application of the Bankruptcy Code resulted in a decision directly at odds with the judgment of the English Courts. Whilst leave to appeal was granted by the U.S. District Court for the Southern District of New York, the case was settled before an appeal was heard. See also *Lehman Brothers Special Financing Inc. v. Ballyrock ABS CDO 2007-1 Limited (In re Lehman Bros. Holdings Inc.)*, 452 B.R. 31 (Bankr. S.D.N.Y. 2011).

Concerns, therefore, remain that the English and U.S. courts may diverge in their approach which, in the case of an unfavourable decision either in England or the U.S., may adversely affect the Issuer’s ability to make payments on the Notes.

#### *Workout Fees and Liquidation Fees*

If the Loan were to become a Specially Serviced Loan and becomes a Corrected Loan and certain other conditions are met, as described under “*Servicing Arrangements for the Loan-Servicing Fee, Special*

*Servicing Fee, Liquidation Fee and Workout Fee*”, the Special Servicer will be entitled to a Workout Fee equal to 0.40 per cent. of each collection of interest and principal received on the Loan for so long as it remains a Corrected Loan (plus VAT, if applicable). In addition, upon the sale of the Property or sale of the Loan following enforcement of the Specially Serviced Loan, the Special Servicer will be entitled to receive a Liquidation Fee equal to 0.40 per cent. of the Liquidation Proceeds (plus VAT, if applicable). Because Liquidation Fees are not likely recoverable from the Borrower under the Issuer/Borrower Facility Agreement, payment of any such fees may reduce amounts payable to the Noteholders to the extent that they are not off-set by default interest payable on the Loan.

#### *Appointment of Substitute Servicer or Substitute Special Servicer*

The termination of the appointment of the Servicer or the Special Servicer under the Servicing Agreement will only be effective once a substitute servicer, or substitute special servicer as the case may be, has effectively been appointed (See the section entitled “*Servicing Arrangements for the Loan*” below). There can be no assurance that a suitable substitute servicer or substitute special servicer could be found who would be willing to service the Loan and the Borrower Security at a commercially reasonable fee, or at all, on the terms of the Servicing Agreement (even though such agreement provides for the fees payable to a substitute servicer or substitute special servicer to be consistent with those payable generally at that time for the provision of the relevant commercial mortgage administration services). In any event, the ability of such substitute servicer or substitute special servicer to perform such services fully would depend on the information and records then available to it. The fees and expenses of a substitute servicer or substitute special servicer performing services in this way would be payable in priority to payment of interest under the Notes.

*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 has been increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in numerous measures for increased regulation 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 Article 405 of the CRR.

Article 405 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 405 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 405 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 405. The Issuer is, therefore, of the opinion that the requirements of Article 405 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 the CRR 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 405 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 405.

Investors in the Notes are responsible for analysing their own regulatory position and independently assessing and determining whether or not Article 405 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 Arrangers and Joint Lead Managers do not make any representation in respect of the application of Article 405 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 405 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.

Article 17 of AIFMD requires the EU Commission to adopt measures similar to those in Article 405, allowing EEA managers of alternative investment funds ("AIFMs") to invest in securitisations on behalf of the alternative investment funds which they manage only if the originator, sponsor or original lender has explicitly disclosed that it will retain on an ongoing basis, a material net economic interest of not less than five per cent. of the nominal value of the securitised exposures or of the tranches sold to investors and also to undertake certain due diligence requirements. Although the requirements in the AIFMD Level 2 Regulation are similar to those which apply under Article 405, they are not identical. In particular, the AIFMD Level 2 Regulation requires AIFMs to ensure that the sponsor or originator of a securitisation meets certain underwriting and originating criteria in granting credit, and imposes more extensive due diligence requirements on AIFMs investing in securitisations. AIFMs who discover after the assumption of a securitisation exposure that the retained interest does not meet the requirements, or subsequently falls below five per cent. of the economic risk, are required to take such corrective action as is in the best interests of investors. It remains to be seen how this last requirement is expected to be addressed by AIFMs should those circumstances arise.

The requirements of the AIFMD Level 2 Regulation apply to investors that are alternative investment funds managed by an AIFM. Requirements similar to the retention requirement in each of Article 405 and AIFMD will apply to investments in securitisations by other types of EEA investors such as EEA insurance and reinsurance undertakings (when the directive known as Solvency II comes into force). Though many aspects of the detail and effect of all of these requirements remain unclear, the CRR, AIFMD and Solvency II and any other changes to the regulation or regulatory treatment of securitisations or of the Notes for some or all affected investors may negatively impact the regulatory position of individual holders and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market. Investors should therefore make themselves aware of the requirements of the applicable legislation governing retention and due diligence requirements for investing in securitisations (and any implementing rules in relation to a relevant jurisdiction) in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

The transaction described in this Prospectus is not intended to comply with any of the risk retention requirements described above.

No party to the transaction has committed to retain a material net economic interest in the transaction in accordance with the aforementioned requirements.

#### *Ratings of Notes*

The ratings assigned to the Notes by the Rating Agencies are based on the provisions of the Issuer/Borrower Facility Agreement, the Borrower Security and the Property and other relevant structural features of the transaction, including, among other things, the short-term and the long term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Facility Providers and the Swap Providers and reflect only the views of the Rating Agencies. A rating does not represent any assessment of the yield to maturity that a Noteholder may experience or the possibility that holders of the Notes may not recover their initial investments if unscheduled receipts of principal result from a prepayment, a default and acceleration or from the receipt of funds with respect to a compulsory purchase. The ratings address, the timely payment of interest on each Note Payment Date and the ultimate repayment of principal on the Final Maturity Date. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any or all of the Rating Agencies as a result of changes in or unavailability of information

or if, in the judgment of the Rating Agencies, circumstances so warrant. A downgrade, withdrawal or qualification of any of the ratings of the parties mentioned above may impact upon the ratings of the Notes.

Credit rating agencies other than the Rating Agencies could seek to rate the Notes and without having been requested to do so by the Issuer if such “unsolicited ratings” are lower than the comparable ratings assigned to the Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the Notes. For the avoidance of doubt and unless the context otherwise requires, any references to “ratings” or “rating” in this Prospectus are to ratings assigned by the specified Rating Agencies only. Future events also, including but not limited to events affecting the Liquidity Facility Providers, the Swap Providers and/or circumstances relating to the Property and/or the property market generally, could have an adverse impact on the rating of the Notes. 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 Agency. Furthermore, there can be no assurance that the Rating Agencies will take the same view as each other, which may affect the Borrower's ability to adapt the structure of the transaction to changes in the market over the long term.

#### *Rating Agencies' Confirmation*

Where it is necessary for the Note Trustee to determine, in its opinion, for the purposes of exercising any right, power, trust, authority, duty or discretion under or in relation to the Notes, the Conditions or any of the Transaction Documents, whether or not such exercise will be materially prejudicial to the interests of the Noteholders, the Note Trustee will be entitled, in making such a determination, to take into account, any Rating Agency Confirmation (if available). For the avoidance of doubt, such Rating Agency Confirmation will not be construed to mean that any such exercise by the Note Trustee of any right, power, trust, authority, duty or discretion under or in relation to the Notes, the Conditions or any of the Transaction Documents is not materially prejudicial to the interests of the holders of the Notes; and the non-receipt of such rating confirmation will not be construed to mean that any such exercise by the Note Trustee as aforesaid is materially prejudicial to the interests of the holders of the Notes.

No assurance can be given that the Rating Agencies will provide any such Rating Agency Confirmation or that, depending on the timing of the delivery of the request and any information needed to be provided, it may be the case that the Rating Agencies cannot provide their Rating Agency Confirmation in the time available and, in either case, the Rating Agencies will not be responsible for the consequences thereof. However, if a Rating Agency Confirmation is provided, it should be noted that a Rating Agency's decision to reconfirm a particular rating may be made on the basis of a variety of factors. In particular, the Noteholders should be aware that the Rating Agencies owe no duty whatsoever to any party to the transaction (including the Noteholders) in providing any Rating Agency Confirmation. No assurance can be given that a requirement to seek Rating Agency Confirmation will not have a subsequent impact upon the business of the Borrower. In addition, it should be noted that any Rating Agency Confirmation:

- (a) only addresses the effect of any relevant event, matter or circumstance on the current ratings assigned by the relevant Rating Agency to the Notes;
- (b) the Issuer does not address whether any relevant event, matter or circumstance is permitted by Transaction Documents; and
- (c) 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 other secured creditors.

No assurance can be given that any such Rating Agency Confirmation will not be given in circumstances where the relevant proposed matter would materially adversely affect the interests of Noteholders.

The Rating Agencies, in assigning credit ratings, do not comment upon the interests of the holders of securities (such as the Notes).

The implementation of certain matters will pursuant to the Transaction Documents be subject to the receipt from each Rating Agency then rating the Notes, of a Rating Agency Confirmation.

If, following discussions with any Rating Agency then rating the Notes, the Issuer provides written certification to the Note Trustee that, as at the date of such certificate, the relevant Rating Agency:

- (a) (i) has not responded to a request to provide a Rating Agency Confirmation within 10 Business Days after such request was made; and
- (ii) has not responded to a second request to provide a Rating Agency Confirmation, in respect of the same matter within 5 Business Days after such second request was made (such second request not to be made fewer than 10 Business Days after the first request is made); or
- (b) has provided a waiver or acknowledgement indicating its decision not to review or otherwise declines to review the matter for which the Rating Agency Confirmation is sought, and
- (c) in connection with either (a) or (b) above, the Issuer has received no indication from that Rating Agency that the then current ratings of the Notes rated thereby would be qualified, downgraded, withdrawn or put on negative watch as a result of such matter,

the requirement for the Rating Agency Confirmation from the relevant Rating Agency with respect to such matter shall be deemed not to apply and the Note Trustee shall not be liable for any loss that Noteholders or any party to the Issuer Transaction Documents may suffer as a result.

It is not currently the policy of Fitch to provide Rating Agency Confirmations in relation to the replacement of servicing entities.

#### *Risks Relating to Noteholder Meetings*

A meeting of the Noteholders may be held on 14 clear days' notice. The requisite quorum for such a meeting is at least of 50.1 per cent. of the Principal Amount Outstanding of the Notes except where the Noteholders wish to make a Basic Terms Modification. The quorum for such a modification requires not less than 75 per cent. of the Principal Amount Outstanding of the Notes. An adjourned meeting of the Noteholders may be held on 7 clear days' notice. The requisite quorum for such a meeting is one or more persons being or representing Noteholders except where the Noteholders wish to make a Basic Terms Modification. The quorum for a Basic Terms Modification requires one or more persons being or representing not less than 33 1/3 per cent. of the Principal Amount Outstanding of the Notes. As a result of these requirements, it is possible that a valid Noteholder meeting may be held without the attendance of Noteholders who may have wished to attend and/or vote.

#### *Risks Relating to Negative Consent of Noteholders*

An Extraordinary Resolution or an Ordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification, an Ordinary Resolution or an Extraordinary Resolution relating to a Note Maturity Plan, the waiver of any Note Event of Default, the acceleration of the Notes, the enforcement of the Issuer Security or any matter which is the subject of Condition 13(h) (*Additional Right of Modification without Noteholder Consent*)) may be passed by way of Negative Consent.

An Extraordinary Resolution or an Ordinary Resolution, as applicable will be deemed to have been passed by the Noteholder if, within 30 days of the requisite notice being given by the Issuer, the Note Trustee, the Issuer Cash Manager, the Servicer or the Special Servicer to the Noteholders in accordance with the provisions of Condition 16 (*Notice to and Communication between Noteholders*) and in all cases in such other manner as may be approved in writing by the Note Trustee, (i) in the case of an Extraordinary Resolution, the holders of 25 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes or (ii) in the case of an Ordinary Resolution, the holders of 50 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes, have not informed the Note Trustee in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary

Resolution, as applicable. Therefore, it is possible that an Extraordinary Resolution could be deemed to be passed without the vote of any Noteholders or even if holders of up to 24.99 per cent. in aggregate of the Principal Amount Outstanding of the Notes then outstanding objected to it and it is possible that an Ordinary Resolution could be deemed to be passed without the vote of any Noteholders or even if holders of up to 49.99 per cent. in aggregate of the Principal Amount Outstanding of the Notes then outstanding objected to it.

#### *Risks Relating to the Issuer Cash Manager and Incorrect Payments*

The Conditions provide that if, for whatever reason, an incorrect payment is made to any party entitled thereto (including the Noteholders) pursuant to the Issuer Pre-Acceleration Priority of Payments, the Issuer Cash Manager will, to the extent the same is possible, rectify the same by increasing or reducing payments to such party (including the Noteholders), as appropriate, on each subsequent Note Payment Date to the extent required to correct the same. Accordingly, increased or reduced payments may be made to Noteholders. See also “-Risks Relating to the Calculation of Amounts and Payments” above.

#### *Additional Right of Modification without Noteholder Consent*

The Conditions provide that after the Closing Date, the Note Trustee will be obliged, subject to certain exceptions but without a requirement for the consent or sanction of any of the Noteholders to concur with the Issuer and/or direct the Issuer Security Trustee to concur with the Issuer to make modifications to the Issuer Transaction Documents/and or the Conditions in order, inter alia, to enable the Issuer and/or either of Swap Providers to comply with any changes in the criteria of one or more of the Rating Agencies or for the requirements of FATCA to be complied with provided that the Issuer certifies to the Note Trustee in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation. See Condition 13(h) (Meetings of Noteholders, Modification and Waiver and Substitution - *Additional Right of Modification without Noteholder Consent*).

#### *Absence of Secondary Market; Limited Liquidity*

Application has been made to the Central Bank of Ireland, as competent authority under the Prospectus Directive, for the Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its regulated market. However, if granted, there can be no assurance that a secondary market in the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment, or that it will continue for the life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of such Notes. Lack of liquidity could result in a significant reduction in the market value of the Notes.

In addition, the market value of the Notes may fluctuate with changes in prevailing rates of interest and the performance of the Loan. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

Moreover, at the date of this Prospectus and as described more particularly in “-The Volatile Economy and Credit Crisis May Increase the Likelihood of Loan Defaults and Affect the Value and Liquidity of the Notes” below, the secondary market for mortgage-backed securities in general has recently experienced disruptions resulting from reduced investor demand for such securities. At times this has had a material adverse impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing limited liquidity. This uncertainty may have implications for the future liquidity of the Notes in the secondary market.

*The Notes will be held in book-entry form and, therefore, potential Noteholders must rely on the procedures of the relevant clearing systems to exercise any rights or remedies*

The Notes issued will be represented on issue by a Global Note that will, on issue, be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will

maintain records of the beneficial interest in the Global Note held through it. Whilst the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While Notes are represented by a Global Note, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing system. A holder of a beneficial interest in the Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note. Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

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 denomination may be illiquid and difficult to trade

It is possible that a holder who, as a result of trading, holds Notes which are less than the minimum denomination in its account with the relevant clearing system at the relevant time, may not receive a definitive Note in bearer form in respect of such holding (should such Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

*Transfers of the Notes will be restricted, which may adversely affect their liquidity and value of the Notes*

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

*Related Parties May Purchase Notes*

Related parties, including the Servicer or the Special Servicer and affiliates of the Borrower may purchase Notes. A purchase by the Servicer or the Special Servicer, if applicable, could cause a conflict between such entity's duties pursuant to the Servicing Agreement and its interest as a holder of a Note, especially to the extent that certain actions or events have a disproportionate effect on one the Notes. The Servicing Agreement provides that the Loan is required to be administered in accordance with the Servicing Standard without regard to ownership of any Note by the Servicer or the Special Servicer, if applicable, or any affiliate thereof.

*Availability of Liquidity Facilities*

Pursuant to the terms of the Liquidity Facility Agreements, the Issuer (or the Issuer Cash Manager on its behalf) will make and apply the drawings under the Liquidity Facility Agreements to meet any of the following shortfalls in funds available to it as determined from time to time by the Servicer or the Special Servicer (if the Loan is a Specially Serviced Loan): (a) an Expenses Shortfall; (b) an Interest Shortfall; or (c) a Property Protection Shortfall, each as described in the section entitled “*The Liquidity Facility Agreements*”. The amount available to be drawn under the Liquidity Facilities on any Note Payment Date may be less than the Issuer would have received had full and timely payments been made in respect of all amounts owing to the Issuer during the related Collection Period. In such

circumstances, there may be insufficient funds available to the Issuer to pay in full interest due on the Notes.

Pursuant to the terms of the Liquidity Facility Agreements, the Liquidity Facility Providers will provide a committed facility for drawings to be made in the circumstances described in “The Liquidity Facility Agreements” below. The aggregate amount available for drawdown at any time under the Liquidity Facilities is initially £31,200,000 and thereafter will decrease as the Principal Amount Outstanding of the Notes decreases, as set out in the section entitled “*The Liquidity Facility Agreements*” below.

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

The procedures for the enforcement of the Borrower Security are regulated by the Borrower Deed of Charge. Even if steps are taken under the Borrower Deed of Charge to enforce the Borrower Security, such steps may not result in immediate realisation of the Borrower Security if market conditions are not conducive, and a significant delay could be experienced in recovery by the Borrower Security Trustee of amounts owed under the Issuer/Borrower Facility Agreement. Furthermore, a forced sale of the Property will be subject to prevailing market conditions, which may affect the rate at which the enforcement proceeds are realised and their amount. There can be no assurance that the Borrower Security Trustee would recover amounts sufficient to discharge all of the Borrower Secured Obligations upon enforcement of the Borrower Security, especially if it is directed by the Servicer or Special Servicer (as applicable) to undertake a sale of the Property on an accelerated basis at a time at which the prevailing market conditions are not conducive to the receipt of a sufficiently 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.

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

The Borrower Deed of Charge provides that the Borrower Security Trustee will be entitled to assume, unless it is expressly informed otherwise, that no Loan Event of Default or potential Loan Event of Default has occurred and is continuing. The Borrower Security Trustee will not itself monitor whether any such event has occurred. Each Obligor is, however, obliged to notify the Borrower Security Trustee if it becomes aware of the occurrence of any Loan Default.

#### *UK Tax Position of the Borrower*

The Borrower is not taxable in its own right. Under current tax law and practice, the Rental Income of the Borrower is taxable income of the General Partner and the relevant non-resident landlords.

There can be no assurance that HM Revenue & Customs will not in the future challenge aspects of the tax treatment of the Borrower in relation to matters arising both prior to and after the Closing Date, which if successful could result in an increased tax burden on the Borrower, which could in turn affect the Issuer’s ability to make payments of principal and interest on the Notes.

#### *UK Tax Position of the Issuer*

The Taxation of Securitisation Companies Regulations 2006 provide for a permanent regime for the taxation of “securitisation companies” (the “**Securitisation Tax Regime**”). 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 should fall 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.

### *Withholding Tax in respect of the Notes*

If any withholding or deduction for or on account of tax is required to be made from payments due in respect of the Notes, neither the Issuer nor any Paying Agent nor any other person will be required to make any additional payments to Noteholders, or to otherwise compensate Noteholders for the reduction in the amounts that they will receive as a result of such withholding or deduction. If such a withholding or deduction is required to be made, the Issuer will have the option (but no obligation) to redeem all outstanding Notes in full at their Principal Amount Outstanding (together with accrued interest). See the section entitled “*Terms and Conditions of the Notes*”. Prospective Investors are referred to “*United Kingdom Taxation*” more generally on withholding taxes and deductions.

### *EU Savings Directive*

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also apply a “look through approach” to payments made via certain persons, entities or legal arrangements (including trusts and partnerships), where certain conditions are satisfied, where an individual resident in a Member State is regarded as the beneficial owner of the payment for the purposes of the Directive. This approach may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria and Luxembourg are instead required (unless during such period they elect otherwise) to operate a withholding tax in relation to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will then commence automatic information exchange under the Directive. The transitional period will end after agreement on exchange of information is reached between the EU and certain non-EU states.

A number of non-EU countries and territories, including Switzerland, have adopted equivalent measures (a withholding system in the case of Switzerland).

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, neither the Issuer nor any Paying Agent nor 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 (see Condition 7 of the Notes). For so long as any Note is outstanding, the Issuer undertakes to maintain a Paying Agent in a Member State of the European Union that does not impose an obligation to withhold or deduct tax pursuant to this Directive (see Condition 6(g) of the Notes).

Investors who are in any doubt as to their position should consult their professional advisors.

### *Changes in English Tax Law*

The structure of the transaction, the issue of the Notes, the ratings that are to be assigned to them and the statements in relation to taxation set out in this Prospectus are based on current English law and the published practice of the relevant authorities, in each case in force or applied as at the date of this Prospectus. Any changes in such law or practice might have an adverse effect on the financial position of the Issuer or the Borrower and no assurance can be given as to the effect of any possible judicial decision or change of law or the administrative practice of any jurisdiction after the date of this Prospectus.

### *European Monetary Union*

It is possible that, prior to the repayment in full of the Notes, the United Kingdom may become a participating member state in the European Economic and Monetary Union and that the euro will become the lawful currency of the United Kingdom. In that event the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in Sterling used to determine the Rates of Interest on the Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect holders of the Notes.

It cannot be said with certainty what effect the adoption of the euro by the United Kingdom (if it occurs) will have on the holders of the Notes.

### *Changes of Law and Regulation*

The structure of the issue of the Notes and the ratings which are to be assigned to them are based on English law, and various regulatory, accounting and administrative practices in effect as at the date of this Prospectus, and also, having due regard to the expected tax treatment of all relevant entities under the tax law (including tax rates) and the published practice of the tax authorities of, the relevant taxing jurisdictions, as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to English law or the regulatory, accounting or administrative practice in any of those jurisdictions, or the interpretation or administration thereof, or the published practices of HM Revenue & Customs in the United Kingdom or the tax authorities of any other relevant taxing jurisdiction, after the date of this Prospectus. Changes to relevant tax laws may also adversely impact the business of the Issuer see the section entitled "United Kingdom Taxation". Any change to the accounting practices of any person may have an effect on the tax treatment of that person.

No assurance can be given that changes will not be made to the regulatory regime and developments described above, the commercial mortgage market in the United Kingdom generally or in any jurisdiction the Security Group's sector in the United Kingdom or any other jurisdiction or specifically in relation to the Security Group's or in respect of the market for asset-backed securities (and any investment in respect thereof). Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Security Group, the Issuer, the Servicer and/or the Special Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full when due on the Notes.

### *No Regulation of the Issuer by any Regulatory Authority*

The Issuer is not required to be licensed or authorised under any current securities, commodities or banking laws of its jurisdiction of incorporation. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. The taking of a contrary view by such regulatory authority could have an adverse impact on the Issuer or the holders of Notes.

### *Basel II Accord*

The original Basel Accord was agreed in 1988 by the Basel Committee on Banking Supervision. On 26 June 2004, the Basel Committee on Banking Supervision published the text of a new capital accord under the title Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework ("**Basel II**"); a revised version was published on 15 November 2005 and was updated again on 4 July 2006. Basel II replaces the 1988 Basel Capital Accord and places enhanced emphasis on risk-sensitivity and market discipline. Implementation of the new regulatory framework became effective on 1 January 2008, pursuant to the European Communities (Capital Adequacy of Credit Institutions Regulations 2006 (SI/661/2006) and the European Communities (Capital Adequacy of Investment Firms) Regulations 2006 (SI660/2006) derived from the Capital Requirements Directive, Directive 2006/49/EC effects the risk weighting of the Notes in respect of investors which are subject to Basel II in the form of any national legislative implementation thereof including in respect of EU

financial institution investors, via the recast Banking Consolidation Directive 2002/12/EC or as the case may be the recast Capital Adequacy Directive 93/6/EC.

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 for credit institutions. In particular, the changes refer to, amongst other things, new requirements for the capital base held by credit institutions, 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**”). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the new Net Stable Funding Ratio from January 2018. The European Commission's corresponding proposals to implement the changes (through amendments to the Capital Requirements Directive (or “**CRD**”) known as “**CRD 4**”) were published in July 2011. It is intended that member countries will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. 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.

#### *Withholding under the U.S. Foreign Account Tax Compliance Act*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, (“**FATCA**”) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to any foreign financial institution (“**FFI**”) or non-financial foreign entity (each as defined by FATCA) that (i) does not provide to the U.S. Internal Revenue Service (or other applicable authority pursuant to an intergovernmental agreement) certain information in respect of its account holders or (ii) is not otherwise exempt from FATCA.

If the Issuer is treated as an FFI and becomes a “participating FFI” (as defined by FATCA), the Issuer may be required to withhold on foreign passthru payments (a term not yet defined by FATCA) made to (i) any FFI that is not a participating FFI or otherwise exempt from FATCA or (ii) an investor that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “U.S. account” (as defined by FATCA) of the Issuer as applicable, or is otherwise exempt from FATCA. This withholding would apply to any foreign passthru payments made on or after the later of 1 January 2017 or the date the U.S. Treasury regulations defining foreign passthru payments are finalised with respect to (i) any Notes characterised as debt for U.S. federal tax purposes that are issued or materially modified six months after the date the U.S. Treasury regulations defining foreign passthru payments are finalised and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and the information reporting obligations of the Issuer is still developing. However the Issuer presently expects that but for the passthru payment risk described above, other payments in respect of Notes will not be subject to FATCA withholding.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to

the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax.

*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 risks relating to 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.*

## LIQUIDITY FACILITY PROVIDERS

### **Crédit Agricole Corporate and Investment Bank**

Crédit Agricole Corporate and Investment Bank is a société anonyme incorporated under, and governed by, the laws of France, whose registered office is at 9 Quai du Président Paul Doumer, 92920 Paris La Défense Cedex, Paris (France). Crédit Agricole Corporate and Investment Bank is registered at the Trade and Commercial Register of Nanterre (France) under the number 304 187 701.

Crédit Agricole Corporate and Investment Bank is subject to Articles L. 225-1 et seq. of Book 2 of the French Commercial Code. As a credit institution, Crédit Agricole Corporate and Investment Bank is subject to Articles L. 511-1 et seq. and L. 531-1 et seq. of the French Monetary and Financial Code.

As of 30 June 2014, Crédit Agricole Corporate and Investment Bank's shareholders' capital amounted to €7,254,575,271 divided into 268,687,973 shares with a nominal value of €7. Crédit Agricole Corporate and Investment Bank's share capital is held at more than 99% by the Crédit Agricole Group. Crédit Agricole S.A. holds more than 97% of the share capital of Crédit Agricole Corporate and Investment Bank.

Crédit Agricole Corporate and Investment Bank is the corporate and investment banking arm of the Crédit Agricole Group.

Crédit Agricole Corporate and Investment Bank offers banking services to its customers on a global basis. Its two main activities are wholesale banking and capital markets and investment banking. Wholesale banking covers corporate lending and loan syndication, project finance, acquisition finance, aircraft and ship finance, export and trade finance and real estate finance. Capital markets and investment banking covers treasury and liquidity management, fixed income, foreign exchange, credit markets, mergers and acquisitions, equity capital markets.

Crédit Agricole Corporate and Investment Bank also runs a private banking business in Europe out of Switzerland, Luxembourg and Monaco.

The long term unsecured, unsubordinated and unguaranteed obligations of Crédit Agricole Corporate and Investment Bank are rated "A" by Standard & Poor's Rating Services, "A2" by Moody's and "A" by Fitch Ratings as at 7 October 2014. The short term unsecured, unsubordinated and unguaranteed obligations of Crédit Agricole Corporate and Investment Bank are rated "A-1" by Standard & Poor's Rating Services, "P-1" by Moody's and "F1" by Fitch Ratings as at 7 October 2014.

Any further information on Crédit Agricole Corporate and Investment Bank can be obtained on Crédit Agricole Corporate and Investment Bank's website at [www.ca-cib.com](http://www.ca-cib.com). This website does not form part of this Prospectus.

## **Deutsche Bank AG, London Branch**

Deutsche Bank Aktiengesellschaft (Deutsche Bank) originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch Westfälische Bank Aktiengesellschaft, Düsseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May, 1957. Deutsche Bank is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000 at the local court in Frankfurt am Main.

Deutsche Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asian Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.

Deutsche Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a real estate finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the Deutsche Bank Group).

Deutsche Bank AG London is the London branch of Deutsche Bank AG. On 12 January 1973, Deutsche Bank AG filed the documents required in the United Kingdom pursuant to section 407 of the Companies Act 1948 to establish a place of business within Great Britain. On 14 January 1993, Deutsche Bank registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales.

Deutsche Bank AG London is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division, it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

As of 30 June 2014, Deutsche Bank's subscribed capital amounted to euro 3,531 million consisting of 1,379 million ordinary shares without par value. The shares are fully paid up and in registered form. The shares are listed for trading and official quotation on all German Stock Exchanges.

They are also listed on the New York Stock Exchange.

As of 31 March 2014, Deutsche Bank Group had total assets of euro 1,636,574 million, total liabilities of euro 1,580,557 million, and total equity of euro 56,017 million on the basis of International Financial Reporting Standards (unaudited).

As of 7 October 2014, Deutsche Bank's long-term senior debt has been assigned a rating of "A" (outlook negative) by Standard & Poor's, "A3" (outlook negative) by Moody's Investors Service and "A+" (outlook negative) by Fitch Ratings.

## SWAP PROVIDERS

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Crédit Agricole Corporate and Investment Bank is the corporate and investment banking arm of the Crédit Agricole Group.

Crédit Agricole Corporate and Investment Bank offers banking services to its customers on a global basis. Its two main activities are wholesale banking and capital markets and investment banking. Wholesale banking covers corporate lending and loan syndication, project finance, acquisition finance, aircraft and ship finance, export and trade finance and real estate finance. Capital markets and investment banking covers treasury and liquidity management, fixed income, foreign exchange, credit markets, mergers and acquisitions, equity capital markets.

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Deutsche Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a real estate finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the Deutsche Bank Group).

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## **THE SERVICER AND THE SPECIAL SERVICER**

Capita Asset Services (UK) is part of the Capita Asset Services group (the “CAS”). CAS is Europe’s largest independent third party servicer in the CMBS and commercial real estate sector. It has held servicer ratings from Standard & Poor’s and Fitch Ratings for more than 10 years and currently holds the highest ratings awarded by those rating agencies in Europe; S&P (Above Average) and Fitch Ratings (CPS1- and CSS2). It was formerly part of GMACCM and Capmark Europe, prior to its acquisition in June 2009 by Capita Plc. Its scope and scale was expanded in March 2011 following the successful acquisition and integration of Barclays Commercial Mortgage Servicing business. Furthermore the company was invoked as back up servicer by NAMA, in March 2013, to take over the servicing of a portfolio of £33 billion from the insolvent IBRC bank. CAS is currently the named Servicer on approximately 35 CMBS deals from multiple issuers, spanning many different asset classes with specific experience in managing the German residential multifamily sector.

CAS has a total staff compliment of approximately 480 qualified personnel across 4 locations in the UK, Northern Ireland, Germany and Ireland. The Irish office serves as its operational platform providing middle and back office services to the front office of primary and special servicing activities which are located in London and Frankfurt. The primary servicing portfolio under active management exceeds £ 41billion spanning both CMBS and balance sheet lenders, together with the provision of master servicing services to the National Asset Management Agency on a portfolio of over £58bn and a further £7 billion in loan workout. A significant proportion of loans are secured by real estate collateral in Germany and the UK.

CAS enjoys the backing of its parent Capita Plc, which is a broadly based outsourcing group. It is listed on the Financial Times Stock Exchange and is a constituent member of the FTSE 100, with a market capitalisation of more than £6 billion. It provides outsourced services to national and local government, particularly in the UK and Ireland and to the life & pensions and banking sectors of the financial services industry, as well as in healthcare, real estate, general insurance, telecoms and technology.

## **THE BORROWER, THE BORROWER GENERAL PARTNER, THE BUSINESS MANAGER AND THE OPERATOR**

The Borrower is a limited partnership established and registered under the Limited Partnerships Act 1907 with registered number LP012959 and formed pursuant to a limited partnership deed dated 15 May 2008 and amended on 30 May 2008 and on 4 October 2011, between, *inter alios*, the Borrower General Partner, UK Shopping Centres Trustee (No.1) Limited and UK Shopping Centres Trustee (No.2) Limited (the “**Partnership Deed**” and the partnership formed by the Partnership Deed being the “**Partnership**”). The principal place of business of the Borrower is at the registered office of the Borrower General Partner in the United Kingdom or such other place as the Borrower General Partner may from time to time determine and register under the Limited Partnerships Act 1907 and its telephone number is +44 (0)207 061 1400.

Pursuant to the Partnership Deed, the Borrower General Partner is the general partner and the Borrower Limited Partner is the limited partner of the Borrower (together the “**Borrower Partners**”). The Borrower General Partner has appointed a business manager to conduct the day-to-day management of the business of the Borrower (see “*The Business Manager of the Partnership*” below) and the Borrower Limited Partner will not take part in managing the business of the Borrower. The Borrower has no legal personality of its own and all of the Partnership’s assets are the undivided joint property of the Borrower Partners. The Borrower Limited Partner has a 99.5 per cent. interest in the Partnership’s assets and the Borrower General Partner has a 0.5 per cent. interest in the Partnership’s assets. In so far as costs, expenses and receipts of the Borrower are concerned, each of the Borrower Partners will be liable or entitled, as the case may be, to the extent of its own capital contribution therein as well as associated liabilities to taxation; the Borrower General Partner has unlimited liability for such costs, expenses and receipts.

The Borrower General Partner, in its capacity as the general partner of the Borrower and sole partner with unlimited liability, has confirmed that it has no conflict or potential conflict of interest in relation to any of the transactions described in this Prospectus.

Title to all of the Partnership’s assets is and shall (unless agreed by the Borrower General Partner) be vested in the Borrower General Partner and the Borrower General Partner shall hold the Partnership’s assets on behalf of the Borrower in accordance with the Limited Partnerships Act 1907.

### **Principal activities**

The principal objects of the Borrower are set out in Clause 3 of the Partnership Deed and are, *inter alia*, to carry on the business of acquiring, maintaining and letting property and holding such property for investment purposes (the “**Partnership Business**”).

The Borrower has not engaged, since its formation, in any activity other than those incidental to its formation, the initial financing of the Property, entering into 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.

The Borrower will covenant to observe certain restrictions on its activities and which are described in the section entitled “*Issuer/Borrower Facility Agreement*” below.

The Borrower is not, and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Borrower is aware) which may have, or have had, since the date of its incorporation significant effects on the Borrower’s financial position or profitability.

The Borrower’s auditors, Ernst & Young LLP, made reports under section 495 of the Companies Act 2006, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008, on the financial statements of the Borrower for each of the two financial years ended 31 December 2012 and 31 December 2013 (each of which received an unqualified audit opinion and did not contain a statement under section 498(2) or (3) of the Companies Act 2006). The financial statements for each of

the two financial years ended 31 December 2012 and 31 December 2013 are included in Appendix 1 (*Financial Statements*) to this Prospectus.

### **Recent Developments since 31 December 2013**

There has been no significant change in the financial or trading position of the Borrower since 31 December 2013, being the end of the last financial period for which audited financial information has been published.

In addition the Borrower is not dependent on any other member of the Security Group other than with respect to the Borrower General Partner.

### **The Borrower General Partner**

The Borrower General Partner was incorporated under the Companies Act 2006 in England and Wales on 10 March 2008 with registered number 06529117 as a private company with limited liability and having its registered office at 6th Floor, Midcity Place, 71 High Holborn, London, WC1V 6EA, and telephone number +44 (0)207 061 1400.

The principal objects of the Borrower General Partner are set out in Clause 3 of its Memorandum of Association and are, inter alia, to carry on business as a general commercial company and to do all such things as are incidental or conducive to the carrying on of any business or trade. The Borrower General Partner has not engaged, since its incorporation, in any activity other than to act as general partner of the Partnership and to perform all functions in relation to that and to perform its obligations under those contracts to which it is party and related matters.

Each director and the secretary of the Borrower General Partner has confirmed that he or she has no potential conflict of interest in relation to any of the transactions described in this Prospectus.

The directors of the Borrower General Partner and their respective business addresses and other principal activities are:

Name	Business address
Mr Robert-Jan Anton Foortse	Gustav Mahlerplein 3, Amsterdam, 1082 MS, The Netherlands
Mr Michael Joseph Gutman	6th Floor, Midcity Place, 71 High Holborn, London WC1V 6EA, United Kingdom
Mr Andrea Alessandro Orlandi	2nd Floor, 40 Portman Square, London W1H 6LT, United Kingdom
Mr Peter Howard Miller	6th Floor, Midcity Place, 71 High Holborn, London WC1V 6EA, United Kingdom
Miss Sarah Helen Slater	2nd Floor, 40 Portman Square, London W1H 6LT, United Kingdom
Mr Philip Simon Slavin	6th Floor, Midcity Place, 71 High Holborn, London WC1V 6EA, United Kingdom
Mr Martijn Vos	Gustav Mahlerplein 3, Amsterdam, 1082 MS, The Netherlands

The company secretary of the Borrower General Partner is Mr L. Shelley.

The Borrower General Partner is managed and controlled in the United Kingdom. At the date of this Prospectus, the Borrower General Partner is subject to, and complies with, United Kingdom corporate laws applicable to it and which it is under an obligation to comply with.

The Borrower General Partner's auditors, Ernst & Young LLP, made reports under section 495 of the Companies Act 2006 on the financial statements of the Borrower General Partner for each of the two financial years ended 31 December 2012 and 31 December 2013 (each of which received an unqualified audit opinion and did not contain a statement under section 498(2) or (3) of the Companies Act 2006) and the financial statements have been delivered to the Registrar of Companies in England and Wales. The financial statements of the Borrower General Partner for each of the two financial years ended 31 December 2012 and 31 December 2013 are included in Appendix 1 (*Financial Statements*) to this Prospectus.

There have been no significant changes in the financial or trading position of the Borrower General Partner which have occurred since 31 December 2013, being the end of the last financial period for which audited financial information has been published.

### **The Business Manager of the Partnership**

Pursuant to a business management agreement entered into between (1) the Borrower General Partner and (2) Stratford City JV Business Manager Limited (the "**Business Manager**") dated 4 October 2011 (the "**Business Management Agreement**"), the Borrower General Partner has appointed the Business Manager to carry out the Partnership Business and manage the Partnership's day-to-day business affairs. Among the functions, duties, rights and powers of the Business Manager are the participation in any litigation concerning the Partnership or any of its assets, procuring and providing office space and equipment for the Partnership, enforcing and observance of any contracts, acquiring and disposing of investments, monitoring investment performance and engaging third party suppliers.

Whilst the Business Manager is appointed, the Borrower General Partner is not entitled to exercise the powers and functions it has granted to the Business Manager.

The Business Manager's appointment will terminate upon: the dissolution of the Partnership; the occurrence of a continuing material breach of the terms of the Business Management Agreement by the Business Manager; the insolvency of the Business Manager; the sale of the Property; or Westfield Corporation holding less than 25 per cent. of the beneficial interest in the Property.

The Business Manager may act through an officer of the Business Manager and may also delegate to any person any of its rights, obligations and powers under the Business Management Agreement. Further, the Business Manager may assign or transfer any of its rights under the Business Management Agreement in accordance with the terms of the Business Management Agreement.

The Business Manager also has the power to borrow or recommend to the Operator and the Borrower General Partner to borrow money and to mortgage, charge, pledge, assign or grant security in all or any part of the Partnership's assets in connection with such borrowing.

### **The Operator of the General Partner**

Pursuant to an operating agreement entered into between (1) the Borrower General Partner and (2) State Street Fund Services (UK) Limited dated 4 October 2011 (the "**Operating Agreement**"), Sanne Fiduciary Services Limited (formerly named State Street Fund Services (UK) Limited) is appointed as operator (the "**Operator**").

The Operating Agreement appoints the Operator to operate the Partnership to the full exclusion of the Borrower General Partner to the extent permitted by law and the Partnership Agreement. The Operator's functions, duties, rights and powers primarily consist of financial administration of the Partnership, including initial set up, review of reports and financial statements, review of applications from, and admission of, any further limited partner, monitoring capital contributions and making distributions and appointing third party advisers in connection with these activities, and overseeing the winding up of the Partnership.

The Operator may retire on 60 days' written notice. Otherwise the Operating Agreement will terminate, amongst other grounds, upon; the insolvency of either party to the Operating Agreement; a continuing

material breach by either party to the Operating Agreement; and upon 60 days' written notice from the Borrower General Partner to the Operator.

The Operator may transfer any of its rights or obligations under the Operating Agreement in accordance with the terms of the Operating Agreement. Either party may assign their rights under the Operating Agreement with the prior written consent of the other party. Further, the Operator may delegate the performance of all or any of the services under the Operating Agreement with the written consent of the Borrower General Partner.

#### **Role of the Borrower General Partner**

Notwithstanding the appointment of the Business Manager or the Operator, the Borrower General Partner still retains certain authority, including to: select any replacement operator or business manager; enter into operating agreements; enter into business management agreements; select investment managers and enter into agreements with them; execute any deed or document or do any other act as directed by the Operator (following consultation with the Business Manager) or the Business Manager; represent itself in dealings with the Operator; approve the records, books of account and annual account of the Partnership; waive obligations of the Operator and assume that waived duty; to terminate the appointments of the Operator and the Business Manager; and carry out functions under the Partnership Deed not allocated to the Operator or the Business Manager.

#### **The Borrower Limited Partner**

The sole limited partner of the Borrower is Stratford City Shopping Centre Jersey Unit Trust (No. 1) (the "**Borrower Limited Partner**").

## THE OBLIGORS AND THE OWNERSHIP OF THE PROPERTY

### The Obligors

The Loan will be made to the Borrower.

In addition to the Borrower, the other companies which will provide security to the Borrower Security Trustee pursuant to the Borrower Deed of Charge (each, an “**Obligor**”) are:

- the Borrower General Partner (in its capacity as general partner of the Borrower and in its own capacity);
- the Car Park General Partner (in its capacity as general partner of the Car Park Owner and in its own capacity);
- No. 2 Nominee A;
- No. 2 Nominee B;
- Stratford City Car Park Limited (the “**Car Park Operator**”);
- Stratford Utilities Limited (“**Utilities**”); and
- Stratford CCH Limited (“**CCH**”).

Each of the Borrower General Partner, the Car Park General Partner, No.2 Nominee A, No.2 Nominee B, the Car Park Operator, Utilities and CCH is a private limited company registered under the laws of England and Wales.

Each of the Borrower General Partner and the Car Park General Partner is a wholly owned subsidiary of the Business Manager. The Business Manager will also grant security in favour of the Borrower Security Trustee over its shares in the Borrower General Partner and the Car Park General Partner pursuant to the Borrower Deed of Charge.

Each of Utilities and CCH is a wholly owned subsidiary of the Borrower General Partner. Each of No.2 Nominee A, No.2 Nominee B and the Car Park Operator is a wholly owned subsidiary of the Car Park General Partner.

The sole limited partner of the Car Park Owner is Stratford City Shopping Centre Jersey Unit Trust (No. 2) (the “**Car Park Limited Partner**”).

Each of the Borrower Limited Partner and the Car Park Limited Partner is a Jersey property unit trust, the managing trustee of which is Stratford City Managing Trustee Limited, a company incorporated in Jersey.

The business of each of the Borrower and the Car Park Owner is to own the Property. The business of the Car Park Operator is the provision of car parking services in connection with the Property. The business of Utilities is the provision of electricity to the tenants and landlord of the Property. The business of CCH is the provision of heating and air conditioning services to the tenants and landlord of the Property. None of the Obligors has any employees.

## **Ownership of the Property**

The bare legal title to the Property is jointly held by No.2 Nominee A and No.2 Nominee B.

The Borrower owns 100% of the beneficial interest in the Shopping Centre. The Car Park Owner owns 100% of the beneficial interest in the Car Park.

Each of the Borrower and the Car Park Owner has appointed Westfield Europe Limited as managing agent in respect of the Property (see the section entitled "*Management of the Property*" for further information). In addition, each of the Borrower and the Car Park Owner has appointed the Business Manager as manager of their operations.

## **MANAGEMENT OF THE PROPERTY**

### **Managing Agent**

Westfield Europe Limited (formerly Westfield Shoppingtowns Limited) has been appointed by the Borrower and the Car Park Owner (together the “**Owner**”) as Managing Agent in respect of the Property pursuant to a management and leasing agreement between the Owner, Westfield Europe Limited (formerly known as Westfield Shoppingtowns Limited) and Westfield Corporation Limited dated 12 September 2011 as amended on 6 June 2014 (the “**Management Agreement**”).

### **Management duties**

The duties of the Managing Agent pursuant to the Management Agreement will include the collection of rent and general management of the Property. The Managing Agent will, among other things, collect Rental Income and other income from tenants of the Property, enforce and administer compliance with all leases and licences with respect to the Property, pay all operating expenses, engage, employ and supervise all contractors, consultants and employees to operate the Property, process any consents or licences required in respect of the Property and deal with all complaints and other correspondence in relation to the Property, manage supply of cooling heating and power and electricity supply, manage the operation of the Car Park, maintain appropriate insurance, ensure compliance with legislation and any regulation by the Managing Agent, the tenants and generally in respect of the Property, manage health and safety compliance, provide to the Owner the information, reports and budgets required under the Management Agreement, and ensure the Property is maintained. The Managing Agent will also establish and maintain the Operating Account. The Managing Agent will perform its duties under the Management Agreement diligently, with all proper skill, care and attention that an experienced managing agent in the UK would apply with respect to an asset with similar characteristics to the Property and with a view to optimising rental and capital returns for the Owner.

Throughout the term of the Management Agreement, the Managing Agent will provide written reports to the Owner on a quarterly basis concerning the operation of the Property. The Managing Agent will also prepare an annual budget and business plan for approval by the Owner.

### **Insurance**

The Managing Agent is required to cause the Property to be insured in accordance with the requirements of any Lease and as otherwise determined by the Owners of the Property, for full reinstatement value (as determined in accordance with the Management Agreement) with such insurers as the Owner may approve.

The Managing Agent is required to maintain professional indemnity insurance for the duration of the Management Agreement and for the 12 years after its termination, with a limit of cover not less than £10,000,000 for any one claim and so as to provide cover in any one year of not less than £20,000,000 in the aggregate.

### **Managing Agent’s remuneration**

The Managing Agent will be entitled to receive an annual management fee in an amount equal to five per cent. of the gross income derived from the Property for each financial year (and *pro rata* for any lesser period) paid in monthly instalments. The Managing Agent is authorised to pay itself the annual management fee each month when it becomes due from the Borrower Operating Account.

### **Termination and variation**

The Management Agreement may be terminated by the Owner by notice if: (a) the Managing Agent defaults in the performance or observance of any material term of the Management Agreement where such default is or is likely to become detrimental to the operation of the shopping centre, and the Managing Agent has not cured such default within the applicable grace period of at least two months plus 30 days; (b) insolvency proceedings are commenced in respect of the Managing Agent; (c) the

Managing Agent is no longer a member of Westfield Corporation; (d) the Property is sold; (e) the limited partnership agreement in respect of the Borrower is terminated; or (e) Westfield Corporation holds directly or indirectly less than 25% of the beneficial interest in the Property.

The Management Agreement may be terminated by the Managing Agent by notice if: (a) the Owner defaults in the performance or observance of any material term of the Management Agreement, and the Owner has not cured such default within the applicable grace period of at least two months plus 30 days; (b) insolvency proceedings are commenced in respect of the Owner; or (c) the Owner otherwise ceases to exist.

The Owner and the Managing Agent have agreed pursuant to the Management Agreement that on 20 September 2020 and at intervals of ten years thereafter, at the option of either, the management fee and the scope of services will be updated to reflect the fee and services provided in the open market for real estate assets of similar size and quality to the shopping centre and the composition of the tenants shall be varied if required so that they include tenants of material importance to attracting significant footfall for the shopping centre

## **Due Diligence in Relation to the Property**

### *Property Title Investigation*

Due diligence undertaken on behalf of the Security Group, reviewed the main anchor leases comprising John Lewis, Marks & Spencer, Aspers Casino, Vue Cinemas and Waitrose, the next 20 leases with the highest annual passing rent, and two long leases (with nominal rents) at the Property. The leases reviewed represent approximately 30.95 per cent. of the current gross rental income roll of the Property at the date of such review. See the section entitled “*Risk Factors- Due Diligence in relation to the Property- Risks relating to Property Title Investigation*”.

### *Valuations and Other Reports*

*Valuation.* The Valuer was engaged by the Borrower to carry out the Valuation. The Valuation was undertaken by the Valuer which is a member of the Royal Institution of Chartered Surveyors. There can be no assurance that another valuer would have arrived at the same opinion of value or that the value of the Property has not changed materially since the date of valuation. See also “*Risk Factors- The Property-Risks Relating to the Limitations of Valuations*” above.

There has been no re-valuation of the Property for the purpose of the issue of the Notes other than the Valuation.

*Environmental Assessments.* The Property has been subject to an environmental assessment. There can be no assurance that all environmental conditions and risks were identified.

For a discussion of environmental issues identified on the Property, see the section entitled “*Risk Factors-The Property-Risks Relating to Environmental Laws*”.

## **The Managing Agent and Westfield Corporation**

The Managing Agent is part of Westfield Corporation.

### *Westfield Corporation*

Westfield Corporation is a pre-eminent internally managed and vertically integrated international retail property group with properties and development activities in the United States and United Kingdom and a development property in Milan, Italy.

Westfield Corporation’s property investment portfolio consists of 40 malls located in the United States and the United Kingdom and a development property in Milan, Italy with approximately 425 million customer visits annually and US\$17 billion in annual retail sales. Westfield Corporation has

development projects under construction and future development pipeline in excess of approximately US\$11 billion and assets under management in excess of approximately US\$27 billion. Westfield Corporation’s portfolio includes world class retail destinations such as Westfield London and Stratford City, widely recognised as two of the premium shopping centres in UK / Europe, and Century City, Garden State Plaza, Old Orchard, San Francisco, Topanga, UTC, Valley Fair and Westfield World Trade Center in the US.

Westfield Corporation owns the Westfield brand. Under a trade mark licence agreement entered into in connection with the Restructuring, Westfield Corporation has granted Scentre Group the royalty free right to exclusively use the Westfield brand in Australia and New Zealand for Scentre Group’s existing shopping centre portfolio and any new shopping centres which meet certain agreed characteristics. Westfield Corporation is not able to use the Westfield brand in Australia and New Zealand (except for the corporate promotion of Westfield Corporation) although it is not restricted from entering those markets with different branding.

Westfield Corporation employs approximately 1,750 employees with principal offices in Sydney, Los Angeles, San Francisco, London and New York.

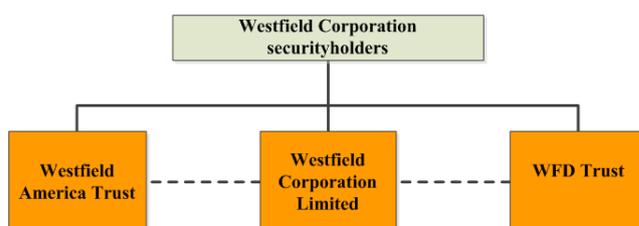
The senior unsecured debt obligations guaranteed by the Stapled Entities of Westfield Corporation, as at 30 June 2014, are rated BBB+ by Standard & Poor’s (Australia) Pty. Ltd and A3 by Moody’s.

*The Restructuring*

Pursuant to an order of the Supreme Court of New South Wales, Australia, dated 23 June 2014, a restructuring of Westfield Corporation was approved (the “**Restructuring**”). The Restructuring was implemented on 30 June 2014. As a result of the Restructuring, Westfield Corporation was split into two property groups. Westfield Corporation’s Australian and New Zealand business, including its retail property operating platform, was separated from the international business of Westfield Corporation and merged with Westfield Retail Trust. The Restructuring creates two new ASX listed retail property groups, one focusing on Australia and New Zealand (“**Scentre Group**”) and the other focusing on international markets (“**Westfield Corporation**”).

The stapled entities of Westfield Corporation comprise Westfield America Trust, Westfield Corporation Limited and WFD Trust (“**Stapled Entities**”). Westfield America Management Limited is the responsible entity and trustee of each of Westfield America Trust and WFD Trust. A Westfield Corporation securityholder holds a unified stapled security comprising one share in Westfield Corporation Limited, one Westfield America Trust unit and one WFD Trust unit, which is traded on the Australian Securities Exchange under the ticker “WFD”. The stapled securities cannot be traded separately. Under the “stapled” structure Westfield America Trust, Westfield Corporation Limited and WFD Trust and their respective subsidiaries operate as a single economic group with a common board of directors, management and public investor base, and report a single set of consolidated financial statements.

The following structure chart illustrates the basic corporate structure of Westfield Corporation. Dotted lines indicate the stapling together of WAT, WFD and WCL:



## ISSUER/BORROWER FACILITY AGREEMENT

### The Loan

Pursuant to the Issuer/Borrower Facility Agreement, the Issuer will make available to the Borrower a Loan in a principal amount of £750,000,000, which will be equal to the aggregate Principal Amount Outstanding of the Notes on the Closing Date.

### Purpose

The proceeds of the Loan will be used by the Borrower to:

- (a) repay existing indebtedness under the existing credit facilities provided to the Borrower to finance the Property pursuant to a facility agreement dated 14 September 2011 between, among others, Eurohypo AG, London Branch, HSBC Bank plc and Crédit Agricole Corporate and Investment Bank as arrangers, Eurohypo AG, London Branch as agent and Eurohypo AG, London Branch as security trustee (the “**Existing Facilities**”);
- (b) pay fees, costs, expenses, stamp, registration and other taxes incurred in connection with the Issuer/Borrower Facility Agreement, the issue of the Notes on the Closing Date and the refinancing of the Existing Facilities; and
- (c) for its general corporate purposes (including, without limitation, payment of distributions).

### Interest and Facility Fees

Prior to the Loan Maturity Date, interest will be payable on the Loan at a fixed rate of 2.6925 per cent. per annum payable in arrear on each Loan Interest Payment Date. After the Loan Maturity Date, interest will be payable on the Loan in arrear at the Rate of Interest (as defined in Condition 4(c)) applicable to the Notes. A default rate which is one per cent. higher than the rate which would otherwise be payable will accrue (a) during any period in which a Loan Event of Default is outstanding and (b) on overdue amounts.

The Borrower will pay a front-end fee to the Issuer in an amount equal to the fees, costs and expenses (together with any applicable VAT in respect of such fees, costs and expenses) properly and reasonably incurred by the Issuer in connection with the issue of the Notes on the Closing Date and the granting of the Loan and all other costs and expenses in connection with the entry into of the Transaction Documents to which the Issuer is a party.

The Borrower will also pay to the Issuer by way of facility fees on each Loan Interest Payment Date (the “**Facility Fees**”) or otherwise on the date such amounts fall due, such other amounts as are necessary to enable the Issuer to pay or provide for all other amounts falling due to be paid by the Issuer (including any amount payable pursuant to a partial prepayment of the Loan and/or redemption of the Notes), as well as an additional amount equal to the Issuer Profit Amount (to be retained by the Issuer). On the date that all amounts outstanding under the Issuer/Borrower Facility Agreement are irrevocably paid or discharged in full, the Borrower shall pay to the Issuer: (i) all accrued and due Facility Fees on such date; and (ii) an amount notified by the Issuer to the Borrower as being an amount sufficient for the Issuer to discharge in full all amounts due from the Issuer to any third party arising pursuant to, or as a result of, such repayment or prepayment and any repayment or redemption of the Notes.

### Final Repayment of Loan

The Loan will be repayable by way of a single repayment on the Loan Maturity Date.

### **Voluntary Prepayment**

On giving not fewer than five business days' notice to (among others) the Issuer, the Borrower may (subject to the satisfaction of certain conditions) prepay the loan on any Loan Interest Payment Date in whole or in part in an aggregate principal amount of not less than £1,000,000 and in multiples of £100,000.

### **Mandatory Prepayment**

The Loan shall be prepaid in full by the Borrower in accordance with the provisions of the Issuer/Borrower Facility Agreement if the Issuer exercises its right to redeem the Notes pursuant to Condition 5(c) (*Redemption at Cancellation – Optional Redemption for Tax or Other Reasons*) and 5(d) (*Redemption at Cancellation – Optional Redemption in Full*).

The Borrower will be required to prepay the Loan to the extent of:

- (a) proceeds received (less Permitted Costs) pursuant to a compulsory purchase order in respect of which the proceeds received exceed the Prepayment Minimum Amount;
- (b) proceeds received (or such lesser amount as the Issuer may agree) in respect of a disposal which is a Permitted Disposal on the basis that the Issuer has consented, where prepayment of the Loan is a condition to such consent having been given, to it and a condition of such consent is prepayment (in whole or in part) of the Loan; and
- (c) any insurance proceeds which are not Excluded Insurance Proceeds.

Amounts received by or on behalf of the Borrower in respect of disposal proceeds or insurance proceeds which are to be applied in prepayment of the Loan will be credited to the Deposit Account to be applied in prepayment of the Loan on the next Loan Interest Payment Date on which the balance standing to the credit of the Deposit Account exceeds £8,000,000.

### **Prepayment Amount**

All repayments and prepayments under the Issuer/Borrower Facility Agreement shall be applied to repayment or prepayment of principal in respect of the Loan together with:

- (a) accrued interest on the Loan to the date of redemption of the principal amount of the Notes redeemed by reason of such repayment or prepayment; and
- (a) in respect of any prepayment from disposal proceeds or any voluntary prepayment, an amount equal to the Early Redemption Premium payable by the Issuer in respect of the principal amount of the Notes redeemed by reason of such prepayment.

### **Note Purchases by the Borrower**

If the Borrower purchases any of the Notes in the market (the "**Purchased Notes**") after the second anniversary of the Closing Date, it will be required to surrender them to the Issuer for cancellation. The Borrower will be treated as having prepaid the Loan with effect from the date on which the Purchased Notes are surrendered for cancellation by the Borrower pursuant to Condition 5(h) in an amount equal to the aggregate principal amount of the Purchased Notes that have been surrendered for cancellation on the basis of set-off of the respective amounts.

### **Gross up**

The Borrower will be required to pay additional amounts to the Issuer in the event that withholding tax or any other deduction is imposed on any payment to the Issuer under the Issuer/Borrower Facility Agreement.

## Representations and warranties

Each Obligor will make certain representations and warranties to each Borrower Finance Party under the Issuer/Borrower Facility Agreement. These will include representations, broadly, as to the following and other matters in respect of each Obligor:

- (a) the due registration of each Partnership under the Limited Partnerships Act 1907 and incorporation of each Obligor (other than each Partnership) as a limited liability company in England and Wales;
- (b) the power to own its assets and to carry on its business as it is being conducted;
- (c) its “centre of main interests” (as that term is used in Article 3(1) of the EC Regulation on Insolvency Proceedings 2000 (Council Regulation (EC) No. 1346/2000 of 29th May, 2000));
- (d) the enforceability of the Borrower Finance Documents to which it is a party;
- (e) non-conflict in respect of entry into and performance of its obligations under the Borrower Finance Documents in relation to any law or regulation of any Relevant Jurisdiction, its partnership or, as the case may be, constitutional documents, or any agreement binding upon it or its assets;
- (f) the power to enter into, perform and deliver the Borrower Finance Documents to which it is or will be a party;
- (g) having all necessary authorisations to enable it to enter into in the Borrower Finance Documents to which it is or will be a party and to make the Borrower Finance Documents to which it is a party admissible in evidence in each Relevant Jurisdiction;
- (h) recognition of choice governing law of the Borrower Finance Documents;
- (i) no filing or stamp taxes;
- (j) no Loan Default is continuing or might reasonably be expected to result from the making of the Loan;
- (k) accuracy of written factual information (when taken together with all other written information provided) provided by or on behalf of an Obligor:
  - (i) to the Borrower Finance Parties in relation to the Borrower Transaction Documents;
  - (ii) to the Valuer for the purposes of the most recent Valuation (including the Initial Valuation);
  - (iii) to the solicitors for the Borrower preparing the Certificate of Title; and
  - (iv) to any report provider in connection with the preparation of any report provided as a condition precedent to the Loan;
- (l) that its Financial Statements give a true and fair view and were prepared in accordance with generally accepted accounting principles in England and Wales;
- (m) *pari passu* ranking of obligations under the Borrower Finance Documents;
- (n) the absence of any litigation, arbitration or administrative proceeding which:

- (i) may reasonably be expected to restrain its entry into, the exercise of its rights under, or the performance, enforcement of or compliance with any of its obligations under, the Borrower Finance Documents; or
- (ii) if adversely determined, might reasonably be expected to have a Material Adverse Effect;
- (o) compliance in all material respects with all applicable Environmental Laws;
- (p) no employees or any obligations in respect of any retirement benefit or occupational pension scheme; or pension responsibilities under certain UK and US statutes;
- (q) no steps having been taken to enter into any employment contract or to assume any liability for, or to implement, any defined benefit pension scheme (in each case other than as required by law);
- (r) payment of all Taxes;
- (s) its ownership of and title to each of its assets which are expressed to be the subject of the Borrower Security, in each case free from any Security (other than under the Borrower Finance Documents or Permitted Security);
- (t) validity of the security which is expressed to be created by the Borrower Deed of Charge;
- (u) continuance of the existing group structure (subject to specific permissions); and
- (v) no outstanding claim relating to the Property under any Insurance Policy which, if adversely determined, would be reasonably likely to have a Material Adverse Effect.

Certain of the representations given on the Closing Date will be repeated on each Loan Interest Payment Date (among those which are not repeated are certain representations in relation to the matters listed at g, i, k, p and v), and representations pertaining to financial statements will be repeated on the date on which such financial statements are delivered, by reference to the facts and circumstances then subsisting.

### **Information Undertakings**

For as long as the Borrower Secured Obligations are outstanding, information undertakings shall be given in broadly the following terms:

- (a) delivery to the Issuer and the Servicing Entities as soon as they are available, but in any event within 180 days after the end of each Obligor's financial years, of its audited financial statements for that financial year;
- (b) delivery to the Issuer and the Servicing Entities on each Loan Interest Payment Date of a Quarterly Management Report in respect of the previous rental quarter;
- (c) delivery to the Issuer and the Servicing Entities of a Compliance Certificate at the time of delivery of each Quarterly Management Report;
- (d) notification to the Issuer of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any Obligor, and which might, if adversely determined, be reasonably likely to have a Material Adverse Effect (and the steps, if any, being taken to remedy it);
- (e) as soon as reasonably practicable following request or, if a Loan Event of Default has occurred or is continuing, promptly, such further information regarding (i) the financial condition, business and operations of any Obligor and (ii) the assets which are the subject of

the Borrower Security and compliance with the terms of the Borrower Security Documents, as the Issuer or the Borrower Security Trustee may reasonably request; and

- (f) notification to the Issuer of any Loan Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor or the Obligors' Agent).

## **Bank Accounts**

### *Obligor Accounts*

The Borrower shall, on or prior to the Closing Date, open and maintain (or has previously opened and maintained) with the Borrower Account Bank, current accounts in the name of the Borrower designated (i) a "Debt Service Account"; and (ii) a "Deposit Account" (together, the "**Control Accounts**"). The Borrower shall procure that the Deposit Account shall have ledgers for "Insurance", "Disposals" and "Cures", respectively the "**Insurance Ledger**", the "**Disposals Ledger**" and the "**Cures Ledger**".

The Obligors will not be permitted, without the prior written consent of the Issuer, to maintain any account with any bank or financial institution other than the Control Accounts, the Operating Accounts, and the Tenant Deposit Accounts.

### *Collection of income*

Each Obligor will ensure that all Rental Income (other than tenant deposits, proceeds of any Insurance Policy and any Surrender Proceeds) is paid into the Borrower Operating Account.

Each Obligor will ensure that:

- (i) all Car Park and Commercialisation Income;
- (ii) (subject to the terms of any relevant Lease or Insurance Policy) any proceeds of any claim made under an Insurance Policy which are in respect of loss of rent, business interruption losses which are the equivalent to loss of rent or De Minimis Insurance Proceeds; and
- (iii) any Surrender Proceeds,

shall be paid directly into an Operating Account.

Each Obligor will ensure that:

- (i) any proceeds of any claim made under an Insurance Policy (other than Excluded Insurance Proceeds, any De Minimis Insurance Proceeds and Permitted Costs);
- (ii) any Disposal Proceeds which are to be applied in prepayment of the Loan; and
- (iii) any amounts to be paid into the Deposit Account in respect of financial covenant cure rights,

shall be paid directly into the Deposit Account (or, if paid into an Operating Account, transferred to the Deposit Account within 2 Business Days of receipt) and credited to the Insurance Ledger, the Disposals Ledger or the Cures Ledger, as applicable.

### *Transfers between and from accounts*

For so long as no Loan Event of Default is outstanding, the Obligors will ensure that on or prior to each Debt Service Transfer Date an amount equal to the Expected Debt Service Amount for such Debt Service Transfer Date shall be transferred to the Debt Service Account.

For so long as a Loan Event of Default is outstanding, the Borrower shall procure that on each Cash Sweep Transfer Date, an amount equal to the relevant Cash Sweep Amount shall be transferred to the Debt Service Account from any one or more of the Operating Accounts.

On each Loan Interest Payment Date prior to the delivery of a Loan Acceleration Notice and on the Loan Maturity Date, the Issuer shall (and is irrevocably authorised by the Borrower to) instruct the Borrower Account Bank (in accordance with the Borrower Account Bank Agreement) to withdraw from the Debt Service Account an amount equal to the Actual Debt Service Amount in respect of such Loan Interest Payment Date or, as the case may be, the Loan Maturity Date for application in accordance with the Borrower Priority of Payments.

On each Debt Service Transfer Date on which the aggregate amount standing to the credit of the Deposit Account in respect of "Insurance" or "Disposals" is greater than the Prepayment Minimum Amount, all such amounts shall be transferred to the Debt Service Account and shall be applied in prepayment of the Loan on the next following Loan Interest Payment Date; however, if the amounts transferred to the Debt Service Account on or prior to a Loan Interest Payment Date from the Operating Accounts are less than the Actual Debt Service Amount in respect of such Loan Interest Payment Date, any amount transferred to the Debt Service Account in respect of "Insurance" or "Disposals" shall be applied in accordance with the Borrower Priority of Payments to the extent of such shortfall, pro rata as between amounts transferred in respect of each ledger.

### **Financial Covenants**

*Loan to Value:* Each Obligor shall ensure that the Loan to Value Ratio at any time does not exceed 65 per cent.

*Interest Cover:* Each Obligor shall ensure that, on each Loan Interest Payment Date, the Interest Cover Ratio is not less than 130 per cent.

*Cure right:* No Loan Event of Default shall occur in relation to a breach of financial covenant if, within 15 Business Days, the Borrower prepays the Loan or deposits an amount in the Deposit Account, for an amount which would be sufficient to cure the financial covenant breach if applied in prepayment of the Loan. The Borrower may not cure a breach in respect of more than two consecutive quarters or more than four times in total prior to the Loan Maturity Date.

*Testing:* The financial covenants will be tested quarterly on a rolling 12 month basis with reference to the Quarterly Management Reports, the Compliance Certificates and the most recent valuation.

### **General Undertakings**

For as long as any of the Borrower Secured Obligations are outstanding, the Obligors shall comply with undertakings in broadly the following terms (subject to agreed exceptions and materiality qualifications):

- (a) compliance with applicable laws;
- (b) prohibition or granting of security interests over the whole or any part of its assets other than Permitted Security;
- (c) no sale, lease, transfer or disposal of the whole or any part of its assets other than a Permitted Disposal;
- (d) restrictions on the incurrence of any financial indebtedness other than in respect of Permitted Financial Indebtedness;
- (e) restrictions on acquisitions other than in respect of a Permitted Acquisition;

- (f) restrictions on the declaration or payment of dividends or interest on unpaid dividends or distributions, fees or expenses in the nature of or intended to act as a distribution to any of its members or partners unless no Loan Event of Default is outstanding or would arise and provided payment is made from excess cash;
- (g) restrictions on the waiver, amendment or variation of any provision of, or any right or obligation arising under, a Partnership Document in a manner which would, or could reasonably be expected to, materially prejudice the interests of the Borrower Finance Parties, the continuation, validity or enforceability of the Borrower Security or would be inconsistent with the terms of the Borrower Finance Documents or would otherwise be expected to result in Material Adverse Effect, or agree to do any of those things without the prior written consent of the Issuer or as otherwise permitted pursuant to the Transaction Documents;
- (h) maintenance of accounting reference date as 31 December; and
- (i) restrictions on amendment to any Obligor's constitutional documents (in the case of a limited liability company).

### **Property Undertakings**

For as long as any of the Borrower Secured Obligations are outstanding, the Obligors shall comply with undertakings in broadly the following terms (subject to agreed exceptions and materiality thresholds):

- (a) compliance in all material respects with all Planning Laws to which it or the Property may be subject;
- (b) maintenance of title to the Property and observance of all title conditions and enforcement of rights in order prevent reduction of value of the Property or the amount of rental income net of costs;
- (c) procurement of satisfaction of perfection requirements for security created by the Borrower Deed of Charge;
- (d) restrictions on entering into any agreement for Lease or granting any new Lease other than (provided no Loan Default is continuing):
  - (i) an agreement for Lease or Lease not having a proposed or actual annual passing rent exceeding £1,000,000 and which meets the Leasing Parameters; or
  - (ii) an agreement for Lease or Lease which is of a portion of the Common Parts; or
  - (iii) an agreement for Lease or Occupational Lease which would be a Permitted Disposal (otherwise than by reference to the provisions described above)
- (e) collection of all Rental Income payable under each Lease (or ensure that the Managing Agent does the same);
- (f) enforcement of each Tenant's obligations under each relevant Lease to the extent that any breach of such tenant obligations may breach a provision of the Issuer/Borrower Facility Agreement;
- (g) implementation of the provisions of any Lease (including any provision for the review of the rents thereby reserved);
- (h) preparation by the Valuer promptly, at the Borrower's expense, of a Valuation of the Property if:

- (i) a Valuation has not been prepared within the preceding 12 months; and
- (ii) an amendment or modification is entered into with respect to the Issuer/Borrower Facility Agreement which adversely affects in the reasonable opinion of the Issuer any material economic term of the Loan; or (B) a Loan Event of Default occurs,

subject to the statutory rights and all access rights or restrictions agreed on an arm's-length basis between any Obligor and a Tenant under any Lease;

- (i) maintenance of insurances in respect of the Property (including against the loss of Rental Income, terrorism and third party and public liability risks) in the names of the Obligors concerned and the Borrower Security Trustee on behalf of the Borrower Finance Parties as co-insured and, to the extent that that such Insurance Policy relates to physical damage to the Property and/or terrorism cover in respect of physical damage to the Property, loss of rent or business interruption (for a period of three and a half years), with the Borrower Security Trustee named as loss payee in respect of insurance proceeds other than de minimis insurance proceeds and shall ensure that each Insurance Policy contains a provision under which the proceeds of the insurance are payable directly to an Operating Account or the Deposit Account;
- (j) ensuring that all policies of insurances in respect of the Property are provided by companies with a minimum rating for claims paying ability;
- (k) notification of the Issuer of any material breach by the Managing Agent under the Management Agreement or the Managing Agent Duty of Care Agreement;
- (l) ensuring that the Managing Agent manages the Property to a standard consistent with a prudent owner and manager of properties similar to the Property and in accordance with good industry practice;
- (m) notification of the Issuer of any material breach by the Business Manager under a Business Management Agreement or a Business Manager Duty of Care Agreement;
- (n) ensuring that the Business Manager manages the Property to a standard consistent with a prudent owner of properties similar to the Property;
- (o) subject to any Permitted Alteration, repairing and keeping in good and substantial repair and condition the Property and any other machinery and equipment forming part of the Property and when necessary replace the same by items of similar or better quality and value;
- (p) compliance with restrictions on alterations in relation to the Property, other than Permitted Alterations; and
- (q) payment of all existing and future rents, fees, renewal fees, charges, assessments, impositions and outgoings whatsoever whether imposed by deed or by statute or otherwise and whether in the nature of capital or revenue and even though of a wholly novel character which now or at any time during the continuance of the security constituted by or pursuant to the Issuer/Borrower Facility Agreement are payable in respect of the Property or any part thereof.

### **Loan Events of Default**

The Issuer/Borrower Facility Agreement will contain Loan Events of Default and acceleration provisions for a full recourse facility of its nature in respect of the Loan. These include (subject to applicable grace periods and materiality thresholds) events for non-payment, breach of covenant, misrepresentation, insolvency and a cross-acceleration provision, including, in particular:

- (a) failure by any Obligor to pay on the due date any amount payable pursuant to a Borrower Finance Document at the place at and in the currency in which it is expressed to be payable unless its failure to pay is caused solely by:
  - (i) an administrative or technical error in the transmission of funds and such failure is remedied within five Business Days; or
  - (ii) a Disruption Event and such failure is remedied within five Business Days; or
  - (iii) default on the part of the Issuer in applying proceeds standing to the credit of a Control Account in paying any such amount as required by the Issuer/Borrower Facility Agreement;
- (b) any failure to comply with one or more the Financial Covenants;
- (c) any Obligor does not comply with any provision of the Borrower Finance Documents (other than those referred to in paragraphs (a) and (b) above) unless the failure to comply is capable of remedy in the opinion of the Issuer and is remedied within 30 Business Days, of the earlier of (i) the Issuer giving notice to the Obligors' Agent and (ii) the Obligors' Agent becoming aware of the failure to comply;
- (d) any representation or statement made or deemed to be made by an Obligor in the Borrower Finance Documents or in any other document delivered by or on behalf of any Obligor under or in connection with any Borrower Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;
- (e) in respect of financial indebtedness (other than subordinated financial indebtedness or financial indebtedness owed by an Obligor under the Borrower Finance Documents):
  - (i) any financial indebtedness of an Obligor is not paid when due nor within any originally applicable grace period;
  - (ii) any financial indebtedness of an Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);
  - (iii) any commitment for any financial indebtedness of an Obligor is cancelled or suspended by a creditor of an Obligor as a result of an event of default (however described);
  - (iv) any creditor becomes entitled to declare any financial indebtedness of an Obligor due and payable prior to its specified maturity as a result of an event of default (however described),

provided that no Loan Event of Default shall occur if the aggregate amount of financial indebtedness within any of paragraphs (i) to (iv) above is less than £1,000,000 (or its equivalent).

- (f) an Insolvency Event occurs in respect of any Obligor;
- (g) save in respect of a solvent reorganisation, any Insolvency Proceedings are commenced, or notice is given or corporate action or other procedure or step is taken, in relation to the commencement of Insolvency Proceedings, in respect of any Obligor. Any expropriation, attachment, sequestration, distress or execution or any analogous process in any Relevant Jurisdiction affects any asset or assets of an Obligor and is not discharged within 30 days;
- (h) any Obligor ceases, or threatens to suspend or cease, to carry on all or a material part of its business other than:

- (i) as a result of any Permitted Disposal; or
  - (ii) where such cessation (or potential cessation) would not or is not reasonably likely to have a Material Adverse Effect;
- (i) it is or becomes unlawful for an Obligor to perform any of its obligations under the Transaction Documents or any Transaction Document ceases to be binding or enforceable against any Obligor expressed to be a Party to it where such illegality or cessation would or is reasonably likely to have a Material Adverse Effect;
  - (j) at any time any of the Borrower Security is or becomes unlawful or is not or ceases to be legal, valid, binding or enforceable or otherwise ceases to be effective;
  - (k) an Obligor rescinds or purports to rescind or repudiates a Transaction Document or any of the Borrower Security or evidences an intention to rescind or repudiate a Transaction Document or any of the Borrower Security; or
  - (l) one or more members of Westfield Corporation and/or a Qualified Transferee between them ceases to own at least 50% of the direct or indirect interests in each Obligor without the prior written consent of the Issuer (such consent not to be unreasonably withheld or delayed) (a “**Change of Control**”).

At any time after the occurrence of a Loan Event of Default which is continuing, the Borrower Security Trustee (if instructed by or on behalf of the Issuer) may by notice (a “**Loan Acceleration Notice**”) to the Obligors’ Agent:

- (a) declare that all or part of the Loan, together with accrued interest, any Facility Fees, and all other amounts accrued or outstanding under the Borrower Finance Documents be immediately due and payable, at which time they shall become immediately due and payable;
- (b) declare that all or part of the Loan be payable on demand, at which time they shall immediately become payable on demand by the Borrower Security Trustee (if instructed by or on behalf of the Issuer); or
- (c) enforce any of the Borrower Security, or exercise any or all of the Borrower Finance Parties’ rights, remedies, powers or discretions under any of the Borrower Finance Documents.

### **Governing Law**

The Issuer/Borrower Facility Agreement will be governed by English law.

### **Definitions used in the Issuer/Borrower Facility Agreement**

In this section, the following defined terms shall have the following meanings:

“**Actual Debt Service Amount**” means, in respect of a Loan Interest Payment Date, the amount required to satisfy all amounts payable in respect of the Borrower Priority of Payments in respect of such Loan Interest Payment Date (other than any amount payable to the Borrower).

“**Actual Net Rental Income**” means, on any Calculation Date, the aggregate of the following amounts received in the 12 calendar months ending immediately before the Loan Interest Payment Date that falls on or before the relevant Calculation Date:

- (a) the aggregate Rental Income which was received by the Obligors under any Lease in respect of the Property; and
- (b) the actual Car Park and Commercialisation Income received in such 12 month period;

after deducting (without double counting) all amounts:

- (i) representing VAT chargeable in respect of Rental Income;
- (ii) which any Obligor is obliged to discharge in respect of any unlet part of the Property or in respect of any shortfall in Service Charge Proceeds;
- (iii) in respect of any management, maintenance, insurance, repair or similar expense or in respect of the provision of services which are properly incurred or in respect of any CRC Cost relating to the Property for which any Obligor is liable;
- (iv) incurred in respect of the asset management fee payable to the Managing Agent pursuant to the Management Agreement;
- (v) attributable to any Lease granted to or vested in any Obligor or any of its Affiliates;
- (vi) paid for a breach of covenant or dilapidations under any Lease in relation to the Property and for expenses incurred in relation to any such breach;
- (vii) representing interest, damages or compensation in respect of any of the items in the definition; and
- (viii) (relating to any extraordinary or non-recurring items,

by reference to the same 12 month period and in each case to the extent not recovered from a Tenant or other tenants or from any beneficial owner under the Beneficial Owners Deed or the Option Agreement.

“**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.

“**Approved Operating Budget**” means an operating budget for the Property which has been approved by the Issuer pursuant to clause 14.4(c) (*Transfers between and from accounts*) of the Issuer/Borrower Facility Agreement.

“**Beneficial Owners Deed**” means the deed dated on or about 12 September 2011 between the Borrower and the other beneficial owners of parts of zone 1 (as described in the Certificate of Title), whereby the parties agree to formalise the arrangements as between the Borrower and the other beneficial owners with regard to the grant and reservation of rights, restrictions on user and otherwise and the management and provision of services to the Property.

“**Borrower Account Bank**” means Barclays Bank PLC or such other bank appointed as such in accordance with the Borrower Account Bank Agreement.

“**Borrower Account Bank Agreement**” means the account bank agreement dated on or about the Closing Date between the Obligors, the Borrower Account Bank, the Issuer, the Borrower Security Trustee, the Issuer Security Trustee, the Servicer and the Special Servicer.

“**Borrower Capital Account**” means the bank account in the name of the Borrower with the Borrower Account Bank and any replacement account or sub account or sub-division of that account.

“**Borrower Completions Account**” means the bank account in the name of the Borrower with the Borrower Account Bank and any replacement account or sub account or sub-division of that account.

“**Borrower Finance Documents**” means:

- (a) the Master Definitions and Framework Deed;

- (b) the Issuer/Borrower Facility Agreement;
- (c) the Borrower Security Documents;
- (d) the Borrower Account Bank Agreement;
- (e) the Utilisation Request;
- (f) the Tax Deed of Covenant;
- (g) the beneficiary undertaking by the Borrower and the Car Park Owner in favour of the Borrower Security Trustee;
- (h) the Subordination Agreement; and
- (i) any document designated as such by the Issuer and the Obligors' Agent.

**"Borrower GP Operating Account"** means the bank account in the name of the Borrower General Partner with the Borrower Account Bank and any replacement account or sub account or sub-division of that account.

**"Borrower Operating Account"** means the bank account in the name of the Managing Agent operated for and on behalf of the Borrower with the Borrower Account Bank and any replacement account or sub account or sub-division of that account.

**"Borrower Petty Cash Account"** means the bank account in the name of the Managing Agent operated for and on behalf of the Borrower with the Borrower Account and any replacement account or sub account or sub-division of that account.

**"Borrower Priority of Payments"** means the provisions relating to the order of priority of payments set out in clause 10.1 (*Borrower Priority of Payments*) of the Borrower Deed of Charge.

**"Borrower Security Documents"** means the Borrower Deed of Charge and any other document entered into by any Obligor or any other person creating or expressed to create any security interest over all or any part of its assets in respect of the Borrower Secured Obligations.

**"Borrower Tenant Deposit Account 1"** means the bank account in the name of the Managing Agent operated for and on behalf of the Borrower with the Borrower Account Bank and any replacement account or sub account or sub-division of that account.

**"Borrower Tenant Deposit Account 2"** means the bank account in the name of the Managing Agent operated for and on behalf of the Borrower with the Borrower Account Bank and any replacement account or sub account or sub-division of that account.

**"Borrower Transaction Documents"** means:

- (a) the Beneficial Owners Deed and the Option Agreement;
- (b) the Borrower Finance Documents;
- (c) the Managing Agent Duty of Care Agreement;
- (d) each Business Manager Duty of Care Agreement;
- (e) the Occupational Leases and each agreement for Occupational Lease;
- (f) the Management Agreements;

- (g) the Business Management Agreements (if any);
- (h) the Partnership Documents;
- (i) the Declaration of Trust; and
- (j) any other document designated as such by the Issuer and the Obligors' Agent.

**“Business Manager Duty of Care Agreement”** means each duty of care agreement entered into by, among others, any Business Manager and the Issuer in accordance with clause 17.7 (Managing Agent and Business Manager) of the Issuer/Borrower Facility Agreement.

**“Calculation Date”** means any date on which the financial covenants contained in the Issuer/Borrower Facility Agreement are tested.

**“Car Park and Commercialisation Income”** means all net income of whatsoever nature of the Obligors received in respect of the Property in the relevant period, in addition to Rental Income, including but not limited to (without double counting):

- (a) any moneys paid in respect of advertising, naming rights, media income (e.g. filming rights), media advertising, brand alliance and brand partnerships, sponsorship activities and promotions, franchising and other marketing income, including gift card income, internet, and e-commerce income;
- (b) moneys derived from events, shows, product launches, promotions, experiential activities;
- (c) moneys derived from commissions;
- (d) all Net BOD Income;
- (e) moneys derived from the ownership or management of any car park, security parking or valet parking;
- (f) moneys received in relation to surrender premiums and letting premiums relating to items set out in this definition;
- (g) moneys received in relation to security services provided;
- (h) moneys received in relation to cleaning rental and other cleaning services;
- (i) IT services income received;
- (j) any moneys derived from vending machines, pay phones and other coin or credit card operated machines;
- (k) any moneys derived from the resale of gas, electricity, water, telephone, telecommunication and associated installations, heating and cooling;
- (l) any damages, compensation, settlement or expenses for or representing loss of such income or interest on such income awarded as a result of any proceedings taken or claim made for the same net of any reasonable costs, fees and expenses paid (and which have not been reimbursed to, and which are not recoverable by, any Obligor from any party) in furtherance of those proceedings or claims;
- (m) proceeds of business interruption insurance received in respect of such income or interest on such income;
- (n) any moneys received from ATMs or RMUs; and

- (o) any income from any services provided to third parties other than Tenants and any other items from time to time agreed by the Issuer.

**“Car Park General Partner”** means Stratford City Shopping Centre (No. 2) General Partner Limited, a company incorporated in England and Wales (registered number 06528751).

**“Car Park GP Operating Account”** means the bank account in the name of the Car Park General Partner with the Borrower Account Bank and any replacement account or sub account or sub-division of that account.

**“Car Park Operator Operating Account”** means the bank account in the name of the Car Park Operator with the Borrower Account Bank and any replacement account or sub account or sub-division of that account.

**“Car Park Owner”** means the Car Park General Partner acting as the general partner of Stratford City Shopping Centre (No. 2) Limited Partnership registered as a limited partnership under the Limited Partnerships Act 1907 with registered number LP 012960.

**“Car Park Owner Operating Account”** means the bank account in the name of the Car Park Owner with the Borrower Account Bank and any replacement account or sub account or sub-division of that account.

**“Cash Equivalent Investments”** at any time:

- (a) certificates of deposit maturing within one year after the relevant date of calculation and issued by a bank with a long term rating of at least A from Fitch or DBRS;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of the United Kingdom or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) commercial paper not convertible or exchangeable to any other security:
  - (i) for which a recognised trading market exists;
  - (ii) issued by an issuer incorporated in the United Kingdom;
  - (iii) which matures within one year after the relevant date of calculation; and
  - (iv) which has a credit rating of F1 or higher by Fitch Ratings and R-1 (middle) or higher by DBRS, or, if no rating is available from Fitch or DBRS in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- (d) sterling bills of exchange eligible for rediscount at the Bank of England and accepted by a bank with a long term rating of at least A by Fitch and/or DBRS (or their dematerialised equivalent);
- (e) any investment in money market funds which (i) have a credit rating of F1 or higher by Fitch Ratings and R-1 (middle) or higher by DBRS (or if no rating is available from Fitch or DBRS, an equivalent rating), (ii) invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above and (iii) can be turned into cash on not more than 90 days’ notice; and
- (f) in the case of the Obligors, any other debt security approved by the Borrower Security Trustee and in the case of the Issuer, any other debt security approved by the Issuer Security Trustee in accordance with the Issuer Deed of Charge.

**“Cash Sweep Amount”** means in respect of any Business Day an amount equal to:

- (a) the Cash Sweep Income Amount in respect of such Business Day; minus:
- (b) the sum of (i) the OpEx Float Amount; (ii) the OpEx Minimum Amount in respect of such Business Day; and (iii) the aggregate of all Cash Sweep Amounts in respect of each Cash Sweep Transfer Date prior to such Business Day falling in the same Loan Interest Period.

**“Cash Sweep Income Amount”** means in respect of any Business Day an amount equal to the sum of all amounts received by the Obligors in the period from (and including) the immediately preceding Loan Interest Payment Date to (but excluding) such Business Day in respect of:

- (a) Rental Income (other than rent deposits);
- (b) Car Park and Commercialisation Income;
- (c) (subject to the terms of any relevant Lease or Insurance Policy) any proceeds of any claim made under an Insurance Policy which are in respect of loss of rent, business interruption losses which are the equivalent to loss of rent or De Minimis Insurance Proceeds; and
- (d) any Surrender Proceeds.

**“Cash Sweep Transfer Date”** means each Business Day on which the Cash Sweep Amount exceeds zero.

**“CCH Operating Account”** means the bank account in the name of Stratford CCH Limited with the Borrower Account Bank, and any replacement account or sub account or sub-division of that account.

**“CCH Tenant Deposit Account”** means the bank account in the name of Stratford CCH Limited with the Borrower Account Bank, and any replacement account or sub account or sub-division of that account.

**“Certificate of Title”** means the certificate of title prepared by Ashurst LLP (as solicitors for the Borrower) addressed to the Borrower Finance Parties in relation to the Property.

**“Common Parts”** means those parts of the Shopping Centre which are not intended for exclusive use by a Tenant, including service ways, parking areas, public arcades and other communal areas of the Shopping Centre intended to be used by Tenants and visitors to the Shopping Centre collectively.

**“Compliance Certificate”** means a compliance certificate provided by the Borrower substantially in the form set out in schedule 5 (Form of Compliance Certificate) to the Issuer/Borrower Facility Agreement providing confirmation of compliance with financial covenants and detail regarding any outstanding Loan Event of Default.

**“CRC Cost”** means any and all costs, expenses or disbursements in relation to the purchase of allowances under, or management or administration of, the CRC Scheme, or otherwise in relation to compliance with the CRC Scheme, and any other rate, levy, tax, duty, charge, assessment, imposition or other outgoing imposed in respect of the emission of greenhouse gases or of energy use or supply associated with or deriving from such emission from time to time.

**“CRC Scheme”** means the Carbon Reduction Commitment Energy Efficiency Scheme (or CRC Energy Efficiency Scheme) under the Climate Change Act 2008, as implemented, amended, supplemented or replaced from time to time.

**“De Minimis Insurance Proceeds”** means insurance proceeds arising from:

- (a) any insurance claim where the proceeds are not in an amount exceeding the Prepayment Minimum Amount; and

- (b) any insurance claim (when aggregated with the amount of all insurance claims in that calendar year) to the extent such proceeds do not exceed £40,000,000 in aggregate;

**“Debt Purchase Transaction”** means, in relation to an Obligor, a transaction where such Obligor:

- (a) purchases by way of assignment or transfer;
- (b) enters into any sub-participation in respect of; or
- (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of,  
  
any of the Notes;

**“Debt Service Account”** means the bank account in the name of the Borrower with the Borrower Account Bank designated the “Debt Service Account” and any replacement account or sub account or sub-division of that account.

**“Debt Service Transfer Date”** means each day falling three Business Days prior to a Loan Interest Payment Date.

**“Deposit Account”** means the bank account in the name of the Borrower with the Borrower Account Bank designated the “Deposit Account” and replacement account or sub account or sub-division of that account.

**“Disposal”** means the disposal of:

- (a) an Obligor's interest in the whole or any part of a Property; or
- (b) the disposal of shares in any Obligor which owns or whose subsidiary owns a Property.

**“Disposal Proceeds”** means all sums paid or payable or any other consideration given or to be given for a Disposal including (without double counting):

- (a) all such sums and other consideration;
- (b) all compensation and damages received for any use or disturbance, blight or compulsory purchase;
- (c) the cash value of any apportionment of any Rental Income or other sum given or made to any purchaser or other person upon such a disposal;
- (d) in the case of a disposal of shares in an Obligor which owns or whose subsidiary owns all or any part of a Property, an amount equal to any indebtedness owed by that Obligor or its subsidiaries required to be repaid in connection with or as a direct or indirect result of that Disposal;
- (e) the sum of any deposit paid upon exchange of contracts except to the extent that, and for so long as, any such deposit is held on behalf of a third party other than another Obligor; and
- (f) any amount in respect of or which represents VAT chargeable in respect of any sum referred to in paragraphs (a) to (e) above,

but excluding by way of a grant of an Occupational Lease in the ordinary course of business.

**“Disruption Event”** means:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Borrower Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; and/or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party from:
  - (i) performing its payment obligations under the Borrower Finance Documents; or
  - (ii) communicating with other Parties in accordance with the terms of the Borrower Finance Documents,

(and which (in either such case)) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

**“Eligibility Requirement”** means, with respect to any person, that such person has total assets (in name or under management) in excess of £1 billion (or equivalent) and (except with respect to a pension advisory firm or similar fiduciary) capital/statutory surplus or shareholder’s equity of at least £500 million (or equivalent).

**“Environmental Law”** means any applicable law or regulation in any Relevant Jurisdiction which relates to the pollution or protection of the environment or harm to or the protection of human health or the health of animals or plants, the emission of greenhouse gases, or energy use or supply associated with or deriving from such emissions, or the generation, handling, storage, use, release or spillage of any emission or substance capable of causing harm to any living organism or the environment.

**“Excluded Insurance Proceeds”** means any proceeds of an insurance claim which are, or are to be, applied:

- (a) to meet a third party claim;
- (b) to cover loss of rent;
- (c) to cover business interruption losses which are the equivalent to (i) loss of rent or (ii) other items (except business interruption losses which are the equivalent to the replacement, reinstatement and/or repair of the assets);
- (d) in accordance with the terms of the Occupational Leases or the development agreement relating to the Property; or
- (e) in the replacement, reinstatement and/or repair of the assets or otherwise in amelioration of the loss in respect of which the relevant insurance claim was made,
- (f) in each case as soon as possible (but in any event within 30 days, or such longer period as the Issuer may agree) after receipt; and
- (g) any proceeds of an insurance claim which are not permitted, pursuant to the terms of the relevant policy, to be applied in prepayment of the Loan.

**“Expected Debt Service Amount”** means in respect of a Debt Service Transfer Date, an amount determined by the Borrower (acting reasonably) as being:

- (a) the amount which the Borrower expects to be required to pay on the next following Loan Interest Payment Date in order to satisfy all amounts due on such Loan Interest Payment Date pursuant to the Borrower Priority of Payments (other than any amount payable to the Borrower); minus
- (b) the amount (if any) standing to the credit of the Debt Service Account on such Debt Service Transfer Date prior to the transfer of any sum on such date, in excess of £150;

**“Finance Costs”** means, on any Calculation Date, the aggregate of all accrued interest and Facility Fees which were payable by the Obligor to the Borrower Finance Parties under the Borrower Finance Documents in relation to the 12 month period ending on the Loan Interest Payment Date falling on or before the relevant Calculation Date.

**“Insolvency Event”** in respect of a company or a partnership means:

- (a) it is unable or admits inability to pay its debts as they fall due, or is deemed to be unable to pay its debts under applicable law, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; or
- (b) a moratorium is declared in respect of any indebtedness of such company or partnership (and if a moratorium occurs, the ending of the moratorium will not remedy any Loan Event of Default or Note Event of Default, as applicable) caused by that moratorium.

**“Insolvency Proceedings”** means in respect of any company or partnership:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of that company or partnership; or
- (b) a composition, compromise, assignment or arrangement with any creditors of that company or partnership; or
- (c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of that company or partnership; or
- (d) enforcement of any Security Interest over any assets of that company or partnership having an aggregate value of £20 million or more; or
- (e) the winding-up, administration or dissolution of that company partnership; or
- (f) any procedure or step analogous to any of the foregoing is taken in any jurisdiction.

**“Insurance Policy”** means any policy of insurance in which an Obligor may at any time have an interest entered into in accordance with the Issuer/Borrower Facility Agreement.

**“Interest Cover Ratio”** means on any Calculation Date, the percentage ratio which Actual Net Rental Income bears to the Finance Costs.

**“Issuer Transaction Documents”** means:

- (a) the Notes;
- (b) the Note Trust Deed (including the Conditions);
- (c) the Agency Agreement;

- (d) the Issuer Deed of Charge;
- (e) the Issuer Cash Management Agreement;
- (f) the Servicing Agreement;
- (g) the Master Definitions and Framework Agreement;
- (h) the Issuer/Borrower Facility Agreement;
- (i) each Liquidity Facility Agreement;
- (j) each Swap Agreement;
- (k) the Corporate Services Agreement;
- (l) the Tax Deed of Covenant; and
- (m) any other agreement, instrument or deed designated as such by the Issuer, the Note Trustee and the Issuer Security Trustee.

**“Joint Venture”** means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

**“Junior Creditor”** means each party who is, or becomes, a party to the Subordination Agreement as a “Junior Creditor” with liabilities owed to such party by any Obligor subordinated to amounts owed by the Obligors to the Borrower Finance Parties under the Borrower Finance Documents.

**“Lease”** means any present or future lease, underlease, sub-lease, licence, tenancy or right to occupy all or any part of the Property and any agreement for the grant of any of the foregoing.

**“Leasing Parameters”** means, in respect of an agreement for Lease or a Lease, that it:

- (a) provides in Borrower’s opinion for rental rates and terms at least comparable to existing local market rates and terms (taking into account the type and quality of the tenant) and which are in accordance with good industry practice as of the date such agreement for Lease or Lease is entered into;
- (b) is an arm’s length transaction with a bona fide, independent third party tenant; and
- (c) does not have a materially adverse effect on the value of the Property taken as a whole.

**“Loan Default”** means a Loan Event of Default or any event or circumstance specified in clause 18 (*Loan Events of Default*) of the Issuer/Borrower Facility Agreement which would (with the expiry of the applicable grace period, the giving of notice, the making of any determination under the Borrower Finance Documents or any combination of any of the foregoing) be a Loan Event of Default.

**“Loan Event of Default”** means any event or circumstance specified as such in clause 187 (*Loan Events of Default*) of the Issuer/Borrower Facility Agreement.

**“Loan to Value Ratio”** means at any time, the percentage ratio which (a) the principal amount of the Loan (less any amount standing to the credit of the Control Accounts) at any time bears to (b) the total value of the Obligors’ interests in the Property at that time as recorded in the then most recent Valuation.

**“Managing Agent”** means Westfield Europe Limited or any firm of chartered surveyors or similarly qualified firm of property professionals appointed by the Obligors in accordance with the terms of the Issuer/Borrower Facility Agreement.

**“Managing Agent Duty of Care Agreement”** means each duty of care agreement entered into by, among others, the Managing Agent, an Obligor and the Issuer and the Borrower Security Trustee in accordance with clause 17.7 (*Managing Agent and Business Manager*) of the Issuer/Borrower Facility Agreement.

**“Material Adverse Effect”** means any event or circumstance which has a material adverse effect on the ability of the Obligors (taken as a whole) to perform their payment and repayment obligations under the Borrower Finance Documents.

**“Nominees”** means each of No. 2 Nominee A and No. 2 Nominee B.

**“Net BOD Income”** means the aggregate car park compensation income payable to the Borrower or any other Obligor under the Beneficial Owners Deed or the Option Agreement in respect of use by others of the car parks after deducting (without double counting) the following items to the extent incurred by an Obligor under the Beneficial Owners Deed and referable to the car parks:

- (a) any expense or liability;
- (b) any contribution paid (not including any amount or part of any amount which represents VAT chargeable in respect of such contribution) to a sinking fund; and
- (c) and disregarding any sum representing VAT chargeable in respect of amounts payable to the Obligors under the Beneficial Owners Deed.

**“Obligors’ Agent”** means the Borrower appointed under the Master Definitions and Framework Agreement to act on behalf of each Obligor in relation to the Borrower Finance Documents.

**“Occupational Leases”** means any Lease to which an Obligor's interest in the Property may be subject from time to time.

**“Operating Accounts”** means each of the Car Park Operator Operating Account, the CCH Operating Account, the Utilities Operating Account, the Borrower GP Operating Account, the Car Park GP Operating Account, the Borrower Operating Account, the Borrower Capital Account, the Borrower Petty Cash Account, the Borrower Completions Account and the Car Park Owner Operating Account.

**“Operational Expenses”** means any amounts payable by an Obligor in respect of:

- (a) fees and expenses (including any amount representing VAT chargeable in respect thereof) incurred by or on behalf of any Obligor in relation to the management and operation of the Property (including under each Management Agreement), maintenance and repair obligations it has as landlord under any Occupational Lease, the obligations of any Obligor under the Beneficial Owners Deed or the Option Agreement or which an Obligor is otherwise required by law to incur or pay (including amounts payable by any Obligor pursuant to Clause 17 (Property undertakings) of the Issuer/Borrower Facility Agreement);
- (b) any VAT chargeable in respect of any Rental Income; and
- (c) insurance premia for insuring the Property.

**“OpEx Float Amount”** means £1,000,000.

**“OpEx Minimum Amount”** means in respect of any Business Day:

- (a) if there is an Approved Operating Budget in respect of the Loan Interest Period in which the relevant Business Day falls, such amount as has been provided for in such Approved Operating Budget for such Loan Interest Period in respect of Operational Expenses; or

- (b) if there is not an Approved Operating Budget in respect of the Loan Interest Period in which the relevant Business Day falls, £15,000,000 (such amount to be indexed, upwards only, at the end of each financial year based on the consumer prices index applicable to such financial year) ;

“**Option Agreement**” means the options in favour of each of Stratford City Offices (No. 3) Limited Partnership, Stratford City Offices (No. 1) Limited Partnership and Stratford City Offices (No. 4) Limited Partnership.

“**Partnership Documents**” means:

- (a) in respect of the Borrower:
  - (i) the limited partnership deed dated 15 May 2008 between the Borrower Limited Partner and the Borrower General Partner constituting the Borrower (as amended and restated on 30 May 2008);
  - (ii) the certificate of registration of the Borrower as a limited partnership; and
- (b) in respect of the Car Park Owner:
  - (i) the limited partnership deed dated 15 May 2008 between the Car Park Limited Partner and the Car Park General Partner constituting the Car Park Owner (as amended and restated on 30 May 2008); and
  - (ii) the certificate of registration of the Car Park Owner as a limited partnership.

“**Perfection Requirements**” means:

- (a) the filing in the United Kingdom of the prescribed particulars of the Security Documents at the Companies Registration Office in England and Wales under section 860 of the Companies Act 2006;
- (b) registration of particulars of each relevant Borrower Security Document at the Trade Marks Registry at the Patent Office in England and Wales; and
- (c) registration of the legal charge constituted by the Borrower Deed of Charge at the Land Registry or Land Charges Registry in England and Wales,

all of which filings and registrations will be effected promptly after execution by the relevant Obligor of the relevant Borrower Finance Documents other than to the extent that the Borrower Security Trustee’s legal advisers have agreed to make such filing or registration.

“**Permitted Acquisition**” means an acquisition by or transfer to an Obligor of assets:

- (a) necessary for the performance of an Obligor’s obligations under the Borrower Finance Documents;
- (b) reasonably considered by an Obligor to be necessary in connection with its business;
- (c) for so long as no Loan Event of Default is outstanding, reasonably considered by an Obligor to be desirable in connection with the operation of the shopping centre and the car park comprised within the Retail Parcels (as defined in the Declaration of Trust) provided that the representations in the Issuer/Borrower Facility Agreement which repeat would be true if made on the date of such acquisition;
- (d) required to replace obsolete, worn-out, damaged or destroyed assets which in the reasonable opinion of the applicable Obligor is required for the efficient operation of its business;

- (e) which are securities which are Cash Equivalent Investments;
- (f) for so long as no Loan Event of Default is outstanding, pursuant to a Debt Purchase Transaction;
- (g) required to implement any Permitted Alteration;
- (h) from another Obligor where, if such assets are the subject of the Borrower Security, such assets are secured on terms satisfactory to the Issuer;
- (i) for so long as no Loan Event of Default is outstanding, where the consideration payable for such asset or assets does not exceed £20,000,000 (exclusive of any costs (including any taxes including VAT) and such amount to be indexed, upwards only, at the end of each Financial Year based on the consumer prices index applicable to such financial year);
- (j) in connection with a Joint Venture which is a Permitted Joint Venture;
- (k) included within a list of specific acquisitions set out in the Master Definitions and Framework Deed; or
- (l) with the prior written consent of the Issuer,

provided that any consideration (or part thereof) payable by an Obligor for an acquisition or transfer pursuant to paragraphs (c), (d), (g) or (j) shall be funded by additional equity contributions or from amounts standing to the credit of an Operating Account in excess of the Expected Debt Service Amount for the Loan Interest Period in which such consideration (or part thereof) is payable.

**“Permitted Alterations”** means:

- (a) alterations in relation to which the Obligors are obliged to complete under the terms of a Lease or to give their consent to a tenant under an Lease, or which the Tenants are permitted to do without such consent;
- (b) alterations required by law or regulation;
- (c) works of improvement or alteration to the Property in the ordinary course of trading, including tenant fit out, reconfiguration of units and rectification of dilapidations following vacation of a tenant;
- (d) a change of use in the Property within Class A1, A2, A3, A4, A5, B1, D1 or D2 of the Town & Country Planning (Use Classes) Order 1987;
- (e) the Proposed Redevelopment;
- (f) any other alterations provided that:
  - (i) the aggregate amount of budgeted or contractually committed but unpaid expenditure on development works and capital expenditure ongoing at any time will not be greater than £75,000,000 (excluding expenditure in respect of paragraphs (a) to (e) (inclusive) above);
  - (ii) such works will not result in (or reasonably be expected to result in) material disruption to or the closure of any part of the Property which would have a significant adverse impact on the ordinary course of trading; or
  - (iii) all authorisations required in respect of such works are, or will be in accordance with any applicable law or regulation, in place; and

- (g) any alteration made with the prior written consent of the Issuer

provided that if the aggregate amount payable by the Obligors for any alteration (or connected series of alterations) pursuant to paragraph (a), (c) or (f) exceeds £40,000,000 such amount shall be funded by additional equity contributions or from amounts standing to the credit of an Operating Account in excess of the Expected Debt Service Amount for the Loan Interest Period in which such amount is payable

“**Permitted Costs**” means any costs or expenses in relation to the relevant claim or other circumstance which are reasonably and properly incurred by any Obligor.

“**Permitted Disposal**” means any sale, lease, transfer or other disposal (which includes the grant of a wayleave or an easement and an exchange for simultaneous transfer of land):

- (a) by way of any Occupational Lease entered into by an Obligor in accordance with clause 17.4 (Occupational Leases) of the Issuer/Borrower Facility Agreement;
- (b) made on arm’s length terms in the ordinary course of trading of an Obligor provided that the aggregate value of the consideration received in respect of the assets disposed of does not exceed £20,000,000 (in aggregate for all Obligors) in any 24 month rolling period;
- (c) of obsolete assets (including any portion of the Property) which are no longer required for the efficient operation of the business and where replacement is required for the relevant business such replacement assets are acquired within 6 months;
- (d) of assets used in the ordinary course of business (other than shares, businesses or the Property) in exchange for other assets of comparable or superior quality used in the ordinary course of business;
- (e) of Cash Equivalent Investments for Cash or in exchange for other Cash Equivalent Investments;
- (f) by one Obligor to another Obligor where such assets remain subject to the Borrower Security;
- (g) of landlord's fixtures and fittings (including plant and machinery) at the Property in the ordinary course of trading as a shopping centre provided such fixtures and fittings are replaced with fixtures and fittings of the same or better quality within 6 months if required for the relevant business;
- (h) by way of granting of easements or wayleaves over the Property, or any part of it, in the ordinary course of trading of the disposing entity;
- (i) of assets that are subject only to a floating charge under the Borrower Security Documents;
- (j) under a compulsory purchase order;
- (k) arising as a result of any Permitted Security;
- (l) which is a disposal of shares in any Obligor in accordance with clause 12.22 (*Ownership of Obligors*) of the Issuer/Borrower Facility Agreement (which provides, among other things, that the transferee shall be an affiliate of an Obligor or a member of Westfield Corporation and will grant security over such shares, and, if the transferee is incorporated or organised in a jurisdiction other than England and Wales, deliver a legal opinion addressed to the Issuer and the Borrower Security Trustee which is on substantially the same terms as the legal opinion delivered on the Closing Date as it relates to the power and capacity of the grantor and enforceability of the security purported to be granted by the Borrower Deed of Charge in respect of the relevant shares, or otherwise acceptable to the Issuer);

- (m) if the relevant sale, lease, transfer or other disposal is in relation to an exchange of land which is a Permitted Acquisition, the piece of land so acquired must be capable of use and used in a manner consistent with the Obligors' existing business;
- (n) in respect of a dividend or distribution which is not otherwise prohibited by the Borrower Finance Documents;
- (o) to a Joint Venture which is a Permitted Joint Venture;
- (p) included within a list of specific acquisitions set out in the Master Definitions and Framework Deed; or
- (q) made with the prior written consent of the Issuer.

**"Permitted Financial Indebtedness"** means any financial indebtedness owed by or to any Obligor:

- (a) under or permitted by a Borrower Finance Document or approved by the Issuer from time to time;
- (b) which is financial indebtedness in existence as at the date of the Master Definitions and Framework Deed pursuant to the Existing Facilities (and associated hedging arrangements) which is to be repaid or discharged on the Closing Date;
- (c) any overdraft on an Obligor's operating accounts up to a maximum amount at any time of £2,000,000 in aggregate for all Obligors;
- (d) representing mark-to-market positions under derivative transactions entered into by an Obligor for hedging purposes;
- (e) incurred under any netting or set-off arrangements entered into in the ordinary course of any Obligor's business;
- (f) in connection with any premium financing arrangements entered into by an Obligor in respect of an Insurance Policy so long as the aggregate amount of financial indebtedness under any such arrangements does not exceed £2,000,000 in aggregate for all Obligors at any time;
- (g) any performance or similar bond guaranteeing performance by an Obligor of obligations entered into in the ordinary course of trade of such member so long as the aggregate amount of the financial indebtedness does not exceed £10,000,000 in aggregate for all Obligors at any time;
- (h) which is subordinated to amounts owing to the Borrower Finance Parties under the Borrower Finance Documents by the terms of the Subordination Agreement or on terms satisfactory to the Issuer;
- (i) that arises as a normal trade credit in the ordinary course of any Obligor's business and is not outstanding for more than 180 days or is being contested in good faith;
- (j) incurred under any finance lease or capital lease, hire purchase or conditional sale agreements or arrangements entered into in the ordinary course of trading;
- (k) incurred by way of deferred purchase transactions in the ordinary course of business;
- (l) arising as a result of daylight exposures of any Obligor to WCL, WFDT and WAT in respect of net balance transfer arrangements made available on customary terms by the relevant entities' banks;

- (m) in connection with the establishment of or an investment in a Joint Venture which is a Permitted Joint Venture;
- (n) under:
  - (i) loans made by an Obligor to another Obligor; and
  - (ii) loans novated, assigned or otherwise transferred by one Junior Creditor as lender to another Junior Creditor as lender,

in each case provided such loans are subordinated to amounts owing to the Borrower Finance Parties under the Borrower Finance Documents; or
- (o) arising as a result of the indemnities entered into pursuant to certain existing development agreements,

provided that the aggregate liability of the Obligors in respect of the financial indebtedness listed in paragraphs (d), (e), (j) and (k) above (excluding liabilities owed to other Obligors) shall not exceed £2,500,000.

**“Permitted Joint Venture”** means any investment in any Joint Venture where:

- (a) the Joint Venture is incorporated, or established, and carries on its principal business, in the European Union;
- (b) the Joint Venture is engaged in a business substantially the same as that carried on by the Obligors; and
- (c) in any financial year of the Borrower, the aggregate of:
  - (i) all amounts subscribed for shares in, lent to, or invested in all such Joint Ventures by any Obligor;
  - (ii) the contingent liabilities of any Obligor in respect of the liabilities of any such Joint Venture; and
  - (iii) the book value of any assets transferred by any Obligor to any such Joint Venture,

does not exceed £2,500,000 in aggregate for all Obligors (or its equivalent in other currencies).

**“Permitted Security”** means:

- (a) any security which is to be discharged or released in full on the Utilisation Date;
- (b) any lien arising by operation of law in the ordinary course of business (including retention of title arrangements) other than as a result of a default or omission by an Obligor and securing amounts not more than 180 days overdue;
- (c) any netting or set-off arrangement entered into by any Obligor in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (d) a right of set-off, banker’s lien or the like arising by operation of law or by contract by virtue of the provision of any overdraft facility and like arrangements arising as a consequence of entering into arrangements on the standard terms of any bank providing an overdraft other than as a result of a default or omission by an Obligor;

- (e) a lien arising in favour of any bank over goods and documents of title to goods arising in the ordinary course of documentary credit transactions entered into in the ordinary course of trade other than as a result of a default or omission by an Obligor;
- (f) any security arising under statute or by operation of law in favour of any government, state or local authority in respect of taxes, assessments or government charges which are being contested by an Obligor in good faith and with a reasonable prospect of success;
- (g) any security created in respect of any pre-judgment legal process or any judgment or judicial award relating to security for costs, where the relevant proceedings are being contested in good faith by an Obligor by appropriate procedures and with a reasonable prospect of success;
- (h) any security arising out of the retention of title provisions in a supplier's standard conditions of supply of goods, other than as a result of a default or omission by an Obligor, where the goods in question are supplied on credit and are required in the ordinary course of business;
- (i) any security arising out of hire purchase or conditional sale arrangements or arrangements having a similar effect in respect of goods, including plant and machinery, supplied to an Obligor in the ordinary course of trading other than as a result of a default or omission by an Obligor;
- (j) rights of set-off arising under statute or by operation of law or contract in respect of transactions with suppliers entered into in the ordinary course of business other than as a result of a default or omission by an Obligor;
- (k) any security arising on rental deposits in connection with the occupation of leasehold premises in the ordinary course of business;
- (l) the Borrower Security;
- (m) security over or affecting any asset acquired after the date hereof and subject to which such asset is acquired if:
  - (i) such security was not created in contemplation of the acquisition of the asset;
  - (ii) the amount secured has not been increased in contemplation of, or since the date of, the acquisition of such asset; and
  - (iii) such security is removed or discharged within six months of the date of acquisition;
- (n) any option granted in favour of the Olympic Development Authority in relation to a part of the Property as disclosed in the Certificate of Title;
- (o) any security arising as a result of a Permitted Financial Indebtedness pursuant to paragraph (g), (j), (k) or (o) of that definition;
- (p) any security arising under any escrow arrangements put in place in relation to consideration payable by an Obligor in respect of a Permitted Acquisition;
- (q) any security arising in connection with netting or set-off arrangements relating to any treasury transaction;
- (r) any other security granted by an Obligor with the prior written consent of the Issuer; or
- (s) in addition to the above, any security provided that the aggregate principal amount secured by such security does not at any time exceed £10 million (such amount to be indexed, upwards only, at the end of each financial year based on the consumer prices index applicable to such financial year).

**“Planning Laws”** means any applicable law or regulation in any jurisdiction in which any Obligor conducts business which regulates or relates to planning, zoning, the authorisation of development, works or related infrastructure or the use to which land or premises are put.

**“Prepayment Minimum Amount”** means £8,000,000;

**“Proposed Redevelopment”** means the redevelopment works to be undertaken in respect of the Property being:

- (a) the installation of a new full glazed high level canopy along the majority of the outdoor shopping street;
- (b) the installation of integrated tensile fabric covers at two outdoor public spaces;
- (c) the installation of associated lighting, public realm works and localised wind mitigation; and
- (d) the design and construction of a new store located at the south end of the retail centre,

provided that such work shall be funded by equity contributions or otherwise by Permitted Financial Indebtedness which is subordinated to amounts owing to the Borrower Finance Parties under the Borrower Finance Documents by the terms of the Subordination Agreement or on terms satisfactory to the Issuer.

**“Qualified Transferee”** means:

- (a) a member of Westfield Corporation;
- (b) Algemene Pensioen Groep NV;
- (c) the Canadian Pension Plan Investment Board;
- (d) a bank, savings and loan association, investment bank, insurance company, trust company, commingled pension trust fund, commercial credit corporation, pension plan, pension fund or pension advisory firm, mutual fund, government entity or plan, sovereign wealth fund, university endowment, real estate company, real estate partnership investment fund, real estate investment trust, or an institution substantially similar to any of the foregoing, provided that in each case under this paragraph (d) that such person:
  - (i) satisfies the Eligibility Requirements; and
  - (ii) is regularly engaged in the business of owning interests (either directly or through funds under management) in regional malls and who then owns interests in at least 1 regional mall (exclusive of the Property) totalling at least 2 million square feet (including anchor stores);
- (e) any person which is least 50% owned (directly or indirectly) and controlled by a person which satisfies the requirements of paragraphs (a), (b), (c) or (d) above; or
- (f) any other entity approved by the Issuer.

**“Quarterly Management Report”** means a quarterly management report in respect of the Property and the business of each of the Obligors containing the information set out in schedule 4 (*Quarterly Management Report*) of the Issuer/Borrower Facility Agreement providing information regarding tenants and leases and related receipts and expenses.

**“Relevant Jurisdiction”** means, in relation to an Obligor:

- (a) the jurisdiction of incorporation or formation;

- (b) the jurisdiction where any asset subject to or intended to be subject to the security created by the Borrower Security Documents is situated;
- (c) the jurisdiction whose laws govern the perfection of any of the Borrower Security Documents entered into by it; and
- (d) the jurisdiction where it is conducting its business.

“**Rental Income**” means all sums paid or payable to or for the benefit of any Obligor arising from the letting, use or occupation of all or any part of the Property, including (without limitation and without double counting):

- (a) rents, licence fees, franchising fees and equivalent sums, whether they are variable or not and however or whenever they are described, reserved or made payable;
- (b) any increase of rent payable by virtue of an offer falling within the proviso to section 3(1) of the Landlord and Tenant Act 1927;
- (c) any rent payable by virtue of a determination made by the court under section 24(A) of the Landlord and Tenant Act 1954 or by virtue of a determination or award made by an arbitrator or expert appointed to determine rent on review under any Lease;
- (d) a sum equal to any payments made in respect of apportionments of rent allowed in favour of an Obligor under any contract for the purchase by it of the Property;
- (e) any profits awarded or agreed to be payable as a result of any proceedings taken or claim made for any items in (a) to (d) (inclusive) above;
- (f) any other moneys payable in respect of occupation and/or usage of the Property (including usage of fixtures and fittings therein), for display or advertisement, on licence or otherwise;
- (g) any damages, compensation, settlement or expenses for or representing loss of rent or interest on rent awarded or agreed to be payable as a result of any proceedings taken or claim made for the same net of any reasonable costs, fees and expenses paid (and which have not been reimbursed to, and which are not recoverable by, any Obligor from any party) in furtherance of those proceedings or claims;
- (h) sums received from any deposit held as security for performance of any tenant's obligations;
- (i) proceeds of insurance in respect of loss of rent or interest on rent;
- (j) receipts from or the value of consideration given for the grant, surrender or variation of any Lease;
- (k) any service charge proceeds;
- (l) payments made in respect of a breach of covenant or dilapidations under any Lease in relation to the Property and for expenses incurred in relation to any such breach;
- (m) any contribution to a sinking fund paid by a tenant;
- (n) any contribution by a tenant of the Property to ground rent due under any Lease out of which an Obligor derives its interest in the Property;
- (o) interest, damages or compensation in respect of any of the items in the definition;
- (p) any payment or other distribution received or recovered from a guarantor or other surety in respect of any of the items listed in this definition; and

(q) any amount in respect of or which represents VAT.

**“Service Charge Expenses”** means:

- (a) any expense or liability incurred by a tenant under a Lease:
  - (i) by way of reimbursement of expenses incurred, or on account of expenses to be incurred, by or on behalf of an Obligor in the management, maintenance and repair or similar obligation of, or the provision of services specified in that Lease in respect of, the Property and the payment of insurance premiums for the Property; or
  - (ii) to, or for expenses incurred by or on behalf of, an Obligor for a breach of covenant where such amount is or is to be applied by that Obligor in remedying such breach or discharging such expenses;
- (b) any contribution (not including any amount or part of any amount which represents VAT chargeable in respect of such contribution) to a sinking fund paid by a tenant under its Lease;
- (c) any contribution paid by a tenant to ground rent (or VAT chargeable in respect of ground rent) due under any Lease out of which an Obligor derives its interest in the Property; and
- (d) any amount in respect of any management, maintenance, insurance, repair or similar expense or in respect of the provision of services relating to the Property to the extent that such amount is not recoverable from a tenant.

**“Service Charge Proceeds”** means any payment for Service Charge Expenses.

**“Subordination Agreement”** means the subordination agreement entered or to be entered into between, among others, the Borrower, the Obligors and the Junior Creditors.

**“Surrender Proceeds”** means all moneys or other considerations paid to an Obligor in respect of:

- (a) the surrender of any Lease; or
- (b) the variation or waiver of any Lease,

including (without double counting) any VAT payable on them.

**“Tenant”** means a tenant under a Lease.

**“Tenant Deposit Accounts”** means each of the CCH Tenant Deposit Account, the Utilities Tenant Deposit Account, the Borrower Tenant Deposit Account 1 and the Borrower Tenant Deposit Account 2 and each other account opened by any Obligor (or by the Managing Agent for and on behalf of any Obligor) for the purposes of holding rent or other deposits pursuant to an agreement with an Occupational Tenant.

**“Transaction Document”** means each of:

- (a) the Borrower Finance Documents;
- (b) the Issuer Transaction Documents; and
- (c) any other document designated as such by the Issuer and the Obligors’ Agent.

**“Utilisation”** means the utilisation of the Loan.

**“Utilisation Date”** means the date of the Utilisation, being the date on which the Loan is to be made.

**“Utilities Operating Account”** means the bank account in the name of Stratford Utilities Limited with the Borrower Account Bank and any replacement account or sub account or sub-division of that account;

**“Utilities Tenant Deposit Account”** means the bank account in the name of Stratford Utilities Limited with the Borrower Account Bank and any replacement account or sub account or sub-division of that account;

**“WAML”** means Westfield America Management Limited (ABN 66 072 780 619), an Australian public company limited by shares whose registered office is at Level 29, 85 Castlereagh Street, Sydney, New South Wales 2000, Australia.

**“WAT”** means Westfield America Trust (ARSN 092 058 449) which is the trust constituted under a constitution dated 28 March 1996 as subsequently amended from time to time.

**“WCL”** means Westfield Corporation Limited, a company incorporated with limited liability in Australia with registered number ABN 12 166 995 197 and having its principle office at Level 29, 85 Castlereagh Street, Sydney, New South Wales 2000, Australia.

**“WFDT”** means WFD Trust (ARSN 168765 875), which is the trust constituted under a constitution dated 26 March 2014 as subsequently amended from time to time.

**“Westfield Corporation”** means:

- (a) any of WCL, WFDT, WAML, WAT and any entity (including wherever constituted, any body corporate, partnership or trust of any type) in which any of one or more of the foregoing has, or together have, directly or indirectly a controlling interest;
- (b) any trust, managed fund, managed investment scheme or collective investment scheme wheresoever situated of which any entity or entities referred to in paragraph (a) has or together have, directly or indirectly a controlling interest or is or are the responsible entity, trustee, custodian or manager;
- (c) any limited or general partnership or limited liability partnership, wheresoever situated, in which an entity or entities referred to in paragraph (a) has or together have, directly or indirectly, a shareholding in the general partner or managing partner of such limited or general partnership or limited liability partnership which is 50 per cent. or more of all such shareholding interests or any general partnership or any limited liability partnership, wheresoever situated, in which the entity or entities referred to in paragraph (a) has, or together have, directly or indirectly, a controlling interest or which is managed or operated by such an entity or entities;
- (d) any real estate investment trusts, wheresoever situated, in which an entity or entities referred to in paragraph (a) has or together have directly or indirectly a controlling interest or which is managed by such entity or entities; and
- (e) any corporation, unit trust or other entity, wheresoever situated, in which any of the entity or entities referred to in paragraphs (b) to (d) inclusive has or together have a controlling interest whether held directly or indirectly.

## **BORROWER DEED OF CHARGE**

### *Security granted under the Borrower Deed of Charge*

Pursuant to the Borrower Deed of Charge, each of the following entities will grant the following security to the Borrower Security Trustee, subject as provided below, for itself and the other Borrower Finance Parties.

- (a) The Borrower:
  - (i) a first fixed charge over all of its right, title, interest and benefit, present or future in the Trust Property as defined in the First Supplemental Trust Deed and the Declaration of Trust (including its beneficial interest in the Property);
  - (ii) an assignment by way of first fixed security of all amounts payable under or in connection with any part of the Shopping Centre (including all of the Rental Income and Disposal Proceeds and any Car Park and Commercialisation Income); and
  - (iii) a first fixed charge over the Control Accounts.
- (b) The Car Park Owner:
  - (i) a first fixed charge over all of its right, title, interest and benefit, present or future in the Property, the Car Park and any asset in respect of to the Trust Property and the Declaration of Trust (including its beneficial interest in the Property);
  - (ii) an assignment by way of a first fixed security of all its rights, title, interest and benefit present and future in all amounts payable under or in connection with any part of the Car Park (including any Car Park and Commercialisation Income).
- (c) Each of the Nominees:
  - (i) a charge by way of first legal mortgage over all of its right, title, interest and benefit, present or future, in the Property (and any other real estate which it may hold at any time); and
  - (ii) a first legal charge over all of its rights, title, interest and benefit in all estates in freehold or leasehold property in England and Wales to the extent not the subject of an effective legal mortgage under paragraph (i) above.
- (d) Each Obligor:
  - (i) an assignment by way of first equitable mortgage (or first fixed charge, to the extent not validly and effectively assigned), all of its rights, title, interest and benefit, present and future, in and to any shares, stocks, debentures or other securities (including any shares in any Obligor and any rights or assets arising therefrom);
  - (ii) an assignment by way of first fixed security (or first fixed charge, to the extent not validly and effectively assigned), all of its rights title and interest in and to any agreements, contracts, deeds, leases, licences, undertakings, guarantees, covenants, warranties and other documents (including all Borrower Finance Documents to which it is a party, the Business Management Agreement, the Management Agreement and each Occupational Lease and all Insurance Policies) and related rights;
  - (iii) by way of first fixed charge all of its rights title and interest in and to any intellectual property rights;

- (iv) an assignment by way of first fixed security of all of its right, title, interest and benefit, present and future in insurance policies;
- (v) an assignment by way of first fixed security (or fixed charge, to the extent not validly and effectively assigned) all of its rights title and interest in and:
  - (A) any right arising in relation to the Property (including (without limitation) those against any manufacturer, supplier or installer of such property, any builder, contractor or professional adviser engaged in relation to any such property and any lessee, sub-lessee or licensee of any such property and any obligor or surety for the obligations of such person);
  - (B) any bank account;
  - (C) any book debt owing to it; and
  - (D) any partnership interest which it has in the Borrower or the Car Park Owner; and
- (vi) by way of floating charge, all present and future assets and undertaking to the extent not effectively subject to fixed security interests.

Stratford City JV Business Manager Limited (in its capacity as parent of each of the Borrower General Partner and the Car Park General Partner), by way of first equitable mortgage all of its rights title and interest in and to the shares it owns in each of the Borrower General Partner and the Car Park General Partner and the all dividends or other moneys payable in respect of such shares.

The charging clauses of the Borrower Deed of Charge cover, inter alia, future assets.

*Borrower Priority of Payments*

(a) Prior to the service of Loan Acceleration Notice the Borrower will apply all moneys standing to the credit of the Debt Service Account (or will procure that such moneys are applied) on each Loan Interest Payment Date (or, if such day is not a Business Day, the next following Business Day unless such Business Day falls in the next following calendar month in which event the immediately preceding Business Day)) in the following order of priority; and (b) upon the service of a Loan Acceleration Notice, all moneys received or recovered by the Borrower Security Trustee (or a Receiver appointed on its behalf) whether in respect of the Borrower Security or otherwise will be applied in the following order of priority:

- (a) first, *pro rata*, according to their respective amounts thereof:
  - (i) the fees and other remuneration and indemnity payments (if any) then payable to the Borrower Security Trustee and any costs, charges, liabilities and expenses then incurred by the Borrower Security Trustee and any other amounts payable to the Borrower Security Trustee under the Borrower Finance Documents together with interest thereon;
  - (ii) the fees and other remuneration and indemnity payments (if any) then payable to any Receiver appointed by the Borrower Security Trustee and any costs, charges, liabilities and expenses then incurred by such Receiver and any other amounts payable to such Receiver under the Borrower Deed of Charge, together with interest thereon;
  - (iii) by way of the Facility Fees, to the Issuer the amounts owing by the Borrower under the Issuer/Borrower Facility Agreement in order for the Issuer to satisfy its obligations in respect of paragraph (a) of the Issuer Pre-Acceleration Priority of Payments or the Issuer Post-Acceleration Priority of Payments (as applicable);

- (b) second, in or towards satisfaction, *pro rata* according to the respective amounts thereof, of any amount required:
- (i) to satisfy in full amounts due and owing to the Borrower Account Bank in respect of the remuneration and indemnity payments (if any) then payable to the Borrower Account Bank in respect of services provided to the Obligors and any costs, charges, liabilities and expenses then incurred by the Borrower Account Bank under the provisions of the Borrower Account Bank Agreement and payable by the Obligors and any other amounts payable by the Obligors to the Borrower Account Bank under the Borrower Account Bank Agreement; and
  - (ii) following the delivery of a Loan Acceleration Notice only, (A) to satisfy amounts due and owing in respect of any Obligor's liability to any taxation authority arising out of the activities of the Obligors and (B) to make provision for any such amounts as are referred to in (A) that are expected to accrue;
- (c) third, by way of the Facility Fee, to the Issuer the amounts owing by the Borrower under the Issuer/Borrower Facility Agreement in order for the Issuer to satisfy its obligations in respect of paragraph (b) of the Issuer Pre-Acceleration Priority of Payments or paragraph (b) of the Issuer Post-Acceleration Priority of Payments (as applicable);
- (d) fourth, by way of the Facility Fee, to the Issuer the amounts owing by the Borrower under the Issuer/Borrower Facility Agreement in order for the Issuer to satisfy its obligations in respect of paragraph (c) of the Issuer Pre-Acceleration Priority of Payments or paragraph (c) of the Issuer Post-Acceleration Priority of Payments (as applicable);
- (e) fifth, by way of the Facility Fee, to the Issuer the amounts owing by the Borrower under the Issuer/Borrower Facility Agreement in order for the Issuer to satisfy its obligations in respect of paragraph (d) of the Issuer Pre-Acceleration Priority of Payments or paragraph (d) of the Issuer Post-Acceleration Priority of Payments (as applicable);
- (f) sixth, by way of the Facility Fee, to the Issuer the amounts owing by the Borrower under the Issuer/Borrower Facility Agreement in order for the Issuer to satisfy its obligations in respect of paragraph (e) of the Issuer Pre-Acceleration Priority of Payments or paragraph (e) of the Issuer Post-Acceleration Priority of Payments (as applicable);
- (g) seventh, by way of the Facility Fee, to the Issuer the amounts owing by the Borrower under the Issuer/Borrower Facility Agreement in order for the Issuer to satisfy its obligations in respect of paragraph (f) of the Issuer Pre-Acceleration Priority of Payments or paragraph (f) of the Issuer Post-Acceleration Priority of Payments (as applicable) in respect of amounts due or overdue to the Swap Providers save to the extent that such amounts owing to the Issuer pursuant to this sub-paragraph (g) will not be met by amounts owed to the Issuer pursuant to sub-paragraph (h) below on such Loan Interest Payment Date;
- (h) eighth, to the Issuer interest due in respect of the Loan;
- (i) ninth, to the Issuer principal, early redemption premium and any other amount due in respect of the Loan or any other Borrower Finance Document;
- (j) tenth, by way of Facility Fee to the Issuer, an amount equal to the accrued but unpaid Issuer Profit Amount;
- (k) eleventh, by way of Facility Fee, to the Issuer the amounts owing by the Borrower under the Issuer/Borrower Facility Agreement in order for the Issuer to satisfy its obligations in respect of paragraph (j) of the Issuer Pre-Acceleration Priority of Payments or paragraph (j) of the Issuer Post-Acceleration Priority of Payments (as applicable);

- (l) twelfth, by way of Facility Fee upon any date that the Loan has been repaid or discharged in full, to the Issuer the amounts owing by the Borrower under the Issuer/Borrower Facility Agreement in order for the Issuer to satisfy its obligations in respect of paragraph (k) of the Issuer Pre-Acceleration Priority of Payments or paragraph (k) of the Issuer Post-Acceleration Priority of Payments (as applicable);
- (m) thirteenth, the surplus (if any) to the Borrower to the Borrower Operating Account.

*Non-petition etc.*

Each of the parties to the Master Definitions and Framework Deed (other than the Borrower Security Trustee and any receiver appointed by it) will covenant in favour of the Borrower Security Trustee, broadly, that whilst any amount remains due and outstanding under the Issuer/Borrower Facility Agreement and/or the Borrower Account Bank Agreement, it will not take any steps (other than the service of demand letters) or pursue any action for the purpose of recovering any debts due or owing to it by any member of the Security Group or the Issuer or, as applicable, to petition or procure the petitioning for the winding-up or administration of any member of the Security Group or the Issuer or for the appointment of an administrative receiver in respect of any such company.

At any time after the amounts outstanding under the Issuer/Borrower Facility Agreement shall have become due and repayable and/or the Borrower Security shall have become enforceable, none of the parties to the Borrower Deed of Charge (other than the Borrower Security Trustee or any receiver) will be entitled to proceed directly against any member of the Security Group or the Issuer or prove in the liquidation or winding-up of any member of the Security Group or the Issuer unless the Borrower Security Trustee, having become bound so to proceed, fails to do so within a reasonable period of becoming so bound and such failure is continuing.

*Enforcement*

Upon the occurrence of a Loan Event of Default, the Borrower Security will become enforceable. In such circumstances, the Borrower Security Trustee will be entitled to serve a notice requiring that all payments under or arising from the Borrower Deed of Charge (subject as provided below) will be required to be made to the Borrower Security Trustee or to its order. All rights or remedies provided for by the Borrower Deed of Charge or available at law or in equity will be exercisable by the Borrower Security Trustee.

In addition, upon the occurrence of a Loan Event of Default, the Borrower Security Trustee will be entitled, but will not be required, to accelerate payment of all sums due under the Issuer/Borrower Facility Agreement, as described above.

The Borrower Security Trustee is obliged to enforce the Borrower Security (and to take any other proceedings, actions or steps under or in connection with any of the Borrower Finance Documents) if directed in writing to do so by the Servicer or Special Servicer (as the case may be) on behalf of the Issuer.

*Discretions, waivers and modifications*

The Borrower Security Trustee shall not, and shall not be bound to, take any proceedings, actions or steps under or in connection with any of the Transaction Documents (including without limitation, any steps to enforce the Borrower Security) unless:

- (a) (i) it shall have been directed in writing to do so by or on behalf of the Issuer; or
- (ii) it is required to do so under any express provision of the Borrower Deed of Charge; and
- (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs,

charges and expenses which may be incurred by it or on its behalf in connection therewith, and the terms of such indemnity may include the provision of a fighting fund, non recourse loan or other similar arrangement.

The Borrower Security Trustee may from time to time with the prior written consent of, or on behalf of, the Issuer concur with any person in making or sanctioning any modification to any of the Borrower Finance Documents. Furthermore, the Borrower Security Trustee may with the prior written consent of, or on behalf of, the Issuer without prejudice to its right in respect of any further or other breach, from time to time and at any time, authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to any of the Borrower Finance Documents.

The Borrower Deed of Charge will provide that the Borrower Security Trustee may enforce the security constituted by any Obligor which is a limited liability company by appointing an administrative receiver in respect of such Obligor.

*Governing law*

The Borrower Deed of Charge will be governed by English law.

**TAX DEED OF COVENANT**

Under the tax deed of covenant (the “**Tax Deed of Covenant**”) to be entered into on the Closing Date, Stratford City JV Business Manager Limited and the members of the Security Group will make representations, warranties and covenants for the benefit of the Issuer, the Issuer Security Trustee and the Borrower Security Trustee in relation to (among other things) the payment of tax by such companies, VAT grouping, tax residency, group tax matters and secondary tax liabilities.

The Tax Deed of Covenant will be governed by English law.

## THE PROPERTY

The following table sets out certain information in respect of the properties and the Tenants.

PROPERTY/TENANCY INFORMATION	
Property Type:	Shopping Centre and Car Park
Property Location:	Montfichet Road, Stratford, England
Year Built	2011
Property/Asset Management:	Westfield Europe Limited
Net Rentable Area: (Sq. ft.):	1.9 million
Occupancy (as at Cut-Off):	
(% of Net Rentable Area):	98.9%
(% of ERV):	98.5%
Number of Tenancies:	327
Weighted Average Lease Term (as at Cut-Off):	12.6 years <sup>12</sup>
Weighted Average Lease Term at First Break (as at Cut-Off):	6.6 years <sup>3</sup>

FINANCIAL INFORMATION(1)	
MV of Properties:	£1,955,000,000
Valuer:	CBRE Limited
Date of Valuation:	28 May 2014
Gross Operating Income:	£96.7 million
Gross ERV:	£105.9 million
Net Income	£92.8 million

Source: *Valuation Report*

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- 1 The Weighted Average Lease Term excluding John Lewis would be 9.1 years to expiry.
  - 2 Both the Weighted Average Lease Term and the Weighted Average Lease Term at First Break are based on the Westfield Corporation data tape.
  - 3 The Weighted Average Lease Term excluding John Lewis would be 6.3 years to break.

## Property Overview

Westfield Stratford City is Europe's largest urban retail and leisure destination situated in Stratford, London, adjacent to the Queen Elizabeth Olympic Park. Westfield Stratford City opened in September 2011 and has around 1.9 million sq. ft. of retail, leisure and ancillary space making it the largest shopping centre in the UK by floor space.

According to the Valuation Report, the market value of Westfield Stratford City as at May 2014 was £1.955 billion with an annualised gross operating income of £96.7 million.

Westfield Stratford City comprises the Westfield Stratford City Shopping Centre (the "**Shopping Centre**") and a car park (the "**Car Park**"), collectively the "**Property**".

The Shopping Centre comprises an enclosed mall arranged over four levels and an open-air mall ("**The Street**"), which provides an access point to the Queen Elizabeth Olympic Park. The Street will be the subject of the upcoming development further detailed below.

The Shopping Centre is anchored by John Lewis, Waitrose, and Marks & Spencer. Other major retailers include Primark, Forever 21, TopShop, Zara, Hollister, Apple and Boots. Major leisure tenants include Vue Entertainment, Aspers Casino and All Star Lanes bowling.

Westfield Stratford City attracted approximately 38 million visitors and achieved approximately £973 million in annual retail sales during 2013 and is the No. 1 UK shopping centre, ranked by overall attractiveness, as per the 2013 Going Shopping Survey compiled by Trevor Woods Associates.

The Westfield Stratford City tenant mix is fashion led with a wide range of fashion multiples, complemented by a substantial leisure offer and a more extensive and diverse range of catering options than most other shopping centres.

Westfield Stratford City is one of the most modern shopping centres in the UK and has been designed to accommodate extensive digital media sites both within the malls and externally along The Street, and the building fascias.

Westfield Stratford City is very well served by public transport, benefitting from London Underground, London Overground, mainline railway, High Speed 1, Docklands Light Railway, and extensive bus services.

Sustainability has been an important consideration since the centre's conception. At design stage, the building achieved a BREEAM Excellent rating. During the shopping centre build, the site received a Considerate Constructors' Scheme Gold Award for outstanding site practices. Now in the operational phase, the Shopping Centre works according to an externally certified ISO14001 environmental management system. Westfield Stratford City has a zero-waste-to-landfill waste strategy and has achieved this since opening (Source: *Westfield*).

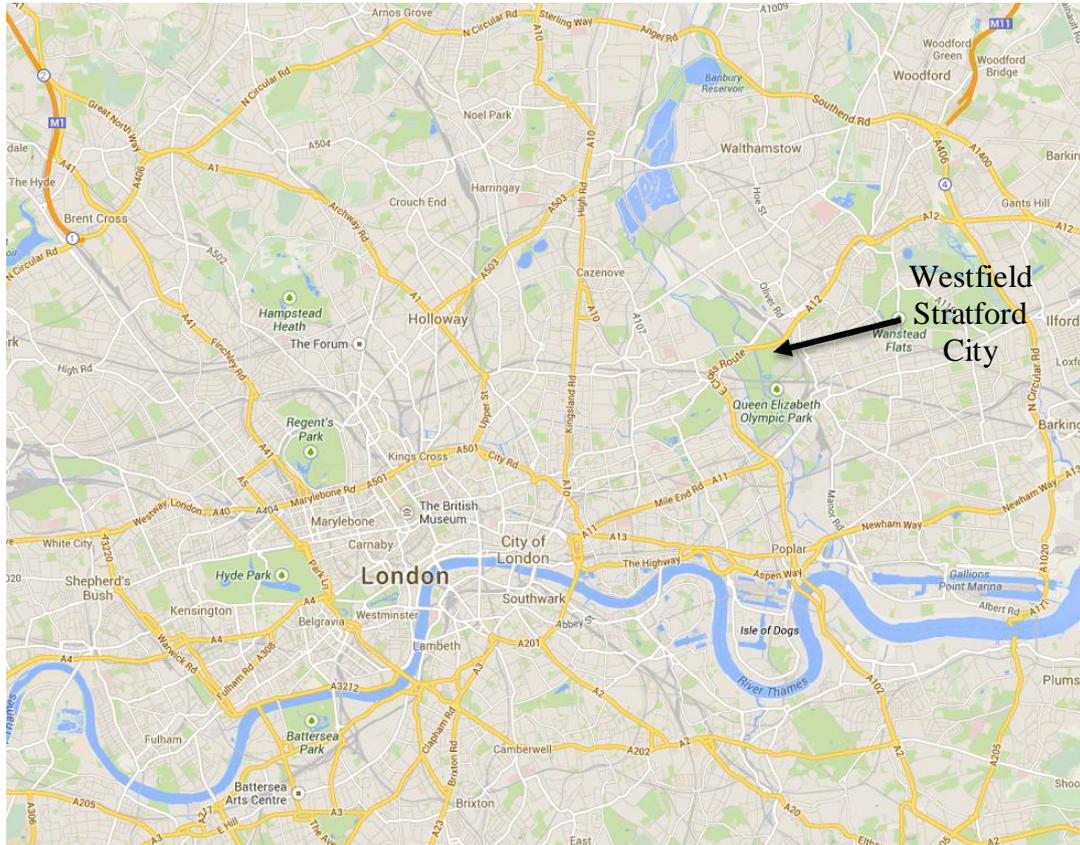
Stratford CCH Limited, a Security Group company, is responsible for the distribution and management of heating and cooling water for Westfield Stratford City and other non-retail tenants. Chilled water and heat are acquired from the on-site Combined Cooling and Heating Plant (CCHP) which is around 30% more carbon efficient than conventional supplies and incorporates renewable energy through a biofuel boiler.

The information contained in this section ("*The Property*") is derived from the May 2014 Valuation Report prepared by the Valuer for the Borrower (the "**Valuation Report**") and Westfield Corporation data tape and summarises the opinions, assessments and rationales of the Valuer in relation to the Property as at May 2014.

## Location

Westfield Stratford City is situated in Stratford, London, approximately three miles north east of the City of London. Stratford is the location of Europe's largest regeneration area, led by the 2012 Olympic Games. Westfield Stratford City is surrounded by numerous new and proposed developments

including housing, student housing, office accommodation, hotels, a media centre, and is adjacent to the Queen Elizabeth Olympic Park with its extensive sports & leisure facilities.



The below map shows the location of Westfield Stratford City within central London.



(Note: Photo above is a computer generated image)



### *Transportation*

With around 5,000 parking spaces, extensive public transport, and close proximity of major local roads, Westfield Stratford City has excellent transportation links and connectivity to the surrounding area.

The Property is at the intersection of the High Speed 1 (HS1 or the Channel Tunnel Rail Link), the regional rail network (Great Eastern Mainline and West Anglia), the Docklands Light Railway, the London Underground network, the London Overground, and is served by local bus networks. In the future, Crossrail will also serve Westfield Stratford City, linking it with Shenfield to the east and central London and Heathrow airport to the west. The 72 mile Crossrail line is due to open by late-2018.

Stratford is located at the intersection of the A11 and A12 major roads. The A11 provides westbound access towards The City. The A12 (East Cross Route) is a dual carriageway which provides northbound access to the A406 North Circular, Romford and further into Essex towards Chelmsford and Colchester; the A12 southbound provides access via the Blackwall Tunnel towards North Greenwich, Bexleyheath and further into Kent. Stratford also has good access to the motorway network, with the M11 and M25 accessible via the A12 and A406.

### *Description*

Approximately 87% of gross rental income is secured against national or international multiple retailers.

The income-weighted average unexpired lease term is around 12.6 years to lease expiry and 6.6 years to break (excluding car park, media and other income). If the John Lewis lease is excluded, the

income-weighted average unexpired lease term is around 9.1 years to lease expiry and 6.3 years to break.<sup>4</sup>

According to the Valuation Report, the value of prime Zone A headline rents are currently at approximately £300 per sq. ft. compared to approximately £365 per sq. ft. at Bluewater located in Dartford, Kent, approximately 18 miles south east of Stratford. The difference in the aforementioned rents according to the Valuation Report is that (i) unit sizes are generally larger than many older UK shopping centres; and (ii) whereas Bluewater has been established for 15 years, the Property is a centre that opened in 2011 and its headline rents are still stabilising. The Valuation Report notes that there are good prospects for rental growth and where rental space has been remerchandised to date, such growth has already started to occur.

As at the date of the Valuation Report, the Property had a vacancy rate of 1.1% of floor area and 1.5% based on rental value. Including accommodation which is held for development or under offer, the vacancy rate was 2.1% by floor area and 2.4% by rental value.

### *Rental Income Profile*

The below table summarises the main components of annualised gross operating income (“GOI”) per the Valuation Report.

Table 1: Components of annualised Gross Operating Income

	Amount pa (£)	% GOI
Shopping Centre rent (excl. The Street and Food Court and Restaurant)	72,134,258	74.6%
The Street rent	6,031,137	6.2%
Food Court and Restaurant rent	5,081,440	5.3%
Car park income (net)	5,377,525	5.6%
Brand Partnership and Media income (net)	6,100,000	6.3%
Other Income (net)*	1,996,300	2.1%
Total gross operating income	96,720,660	100%

\* Other Income includes net income from Combined Cooling, Heating and Power (CCHP), Storerooms, IT and Kids carts

Source: *Valuation Report*

Rent from the Shopping Centre, The Street and Food Court and Restaurant accounts for 86.1% of GOI. In addition, car park net income contributes 5.6% of GOI, net Brand Partnership and Media income 6.3%, and Other Income 2.1% of GOI. The Brand Partnership and Media income is relatively high in comparison to other shopping centres due to its in-building technology and high levels of footfall; most other regional shopping centres achieve 5% or less. The Brand Partnership and Media income includes net income from mall kiosks, brand experiential sites, media (including digital screens and media sites), multi-year brand partnerships and income from events. Westfield are well known in the market for maximising the levels of commercialisation that can be achieved from centres, media and mall leasing. Approximately 50% of the gross revenue in this category is currently received from 5-10 year contracts from parties such as Exterior Media (previously, CBS Media).

Turnover rent is contained within the Shopping Centre and The Street income and accounts for 5.4% of GOI.

4 Both the Weighted Average Lease Term (as at Cut-Off) and the Weighted Average Lease Term at First Break (as at Cut-Off) are based on the Westfield Corporation data tape, as are the calculations excluding the John Lewis lease.

Westfield Stratford City's top 10 tenants account for 18.4% of gross rental income (“GRI”), as defined under Table 2 below, with no single tenant accounting for more than 2.6% of GRI. The below table provides a summary overview over the top 10 tenants by GRI.

Table 2: Top 10 Tenants

Tenant Name	Rent per annum (£ million)	% Total GRI*	NIA (sqf)	% Total NIA	Lease Expiry
Forever 21 (UK) Ltd	2.2	2.6%	68,552	3.5%	Mar-2026
H&M Hennes & Mauritz UK Ltd	2.1	2.6%	49,049	2.5%	Apr-2025
Marks & Spencer plc	2.1	2.6%	207,706	10.7%	Jun-2059
Aspers (Stratford City) Limited	1.7	2.1%	62,829	3.2%	Sep-2036
Primark Stores Ltd	1.4	1.7%	67,123	3.5%	Mar-2031
New Look Retailers Ltd	1.3	1.5%	31,828	1.6%	Jun-2021
John Lewis plc (incl. Waitrose)	1.2	1.5%	299,392	15.5%	Sep-2250
Vue Entertainment Ltd	1.1	1.3%	75,240	3.9%	Sep-2031
Boots UK Ltd.	1.1	1.3%	23,846	1.2%	Mar-2026
Nike BV	1.1	1.3%	16,865	0.9%	Mar-2021
Total	15.3	18.4%	902,430	46.5%	March 2050**

\*Total rental income, excluding car park, media, commercialisation and CCHP

\*\* Average lease expiry date excluding break options, weighted by rental income

Source: *CBRE*

Approximately 87% of gross retail income is secured against national multiple retailers, approximately 8% relates to independent retailers, and 4% relates to regionally represented fascias.

The Property benefits from an income-weighted average lease length of 12.6 years to expiry and 6.6 years to first break (as at May 2014). If the John Lewis lease is excluded, the income-weighted average unexpired lease term is around 9.1 years to lease expiry and 6.3 years to break. There is 7.1% of GRI expiring within the next two years, most of which relates to short term leases. In addition, 38.7% of GRI expires within 2 to 5 years, due to the number of break clauses falling within this timescale. The below table demonstrates Westfield Stratford City's lease expiry profile as a percentage of GRI.

Table 3: Lease Expiry Profile

Lease expiry term	% GRI
Less than 2 years	7.1%
2-5 years	38.7%
5-10 years	37.5%
10-15 years	7.0%
15+ years	9.7%

Source: *Valuation Report*

Rents within the internal malls reflect rents of between £150 and £350 per sq. ft. Zone A, although the majority of standard size unit shops are between £200 and £300 per sq. ft. Zone A which is lower than most other “super-regional” UK shopping centres; where current rental values are £350 - £375 per sq. ft. Zone A and passing rents are around £400 per sq. ft. Zone A in centres such as Bluewater, Meadowhall and the Trafford Centre.

## *Tenancies*

The Property is subject to 327 tenancies, principally on full repairing and insuring terms. Where leases are longer than 5 years there is typically a provision for an upwards-only rent review in the fifth year to market rent. There is an anchor tenant which benefits from a rent review option which may lower the rent but subject to a minimum payment and this is the only tenant which has this feature in its lease (see *Risk Factors – Risks Relating to Shopping Centre Property - A negative effect on the financial condition of an anchor tenant*). 41 leases contain fixed rental uplifts, 140 leases contain tenant break options and 23 contain landlord break options.

### **Anchor and other long-term tenants**

#### *John Lewis Department Store: Lease expires: 12 September 2250*

John Lewis is a leading multi-category retailer and the United Kingdom's largest department store retailer, offering external in-house designers and own brands of consumer goods. John Lewis has 39 stores in the United Kingdom. John Lewis is owned by the John Lewis Partnership and was founded in 1864. It is headquartered in London, the United Kingdom.

#### *Waitrose Department Store: Lease expires: 12 September 2250*

Waitrose Ltd ("**Waitrose**") is a supermarket chain which is owned by the John Lewis Partnership. Waitrose offers around 18,000 product lines with a focus on provenance, traceability and responsible sourcing. Waitrose has 290 stores and is headquartered in London, the United Kingdom.

#### *Marks & Spencer: Lease expires: 23 June 2059*

Marks and Spencer Group plc ("**M&S**"), through its subsidiaries, engages in retailing clothing, food, and home products in the United Kingdom and internationally. It markets its products through operating 798 stores in the United Kingdom and 455 wholly owned, partly owned, and franchised stores internationally in 54 countries, as well as through online. M&S was founded in 1884 and is headquartered in London, the United Kingdom.

#### *Aspers Casino: Lease expires: 28 September 2036*

Aspers (Stratford City) Ltd is part of the Aspers Group ("**Aspers**") which operates 4 casinos in the United Kingdom. Aspers aims to provide gambling, betting and amusement and recreation services. Alongside the gaming options, Aspers offers bars, restaurants and live entertainment at its venues. Aspers is headquartered in London, the United Kingdom, and is a joint venture between the Aspinall Family and Crown Limited Australia.

#### *Vue Entertainment: Lease expires: 10 September 2031*

Vue Entertainment Ltd ("**Vue Entertainment**") was formed in May 2003 following the acquisition of the Warner Village Cinemas in the UK. Vue Entertainment currently has 83 cinemas across the United Kingdom and Ireland. Vue Entertainment is headquartered in London, the United Kingdom.

#### *Primark Stores Ltd: Lease expires: 31 March 2031*

Primark Stores Ltd ("**Primark**") owns and operates a chain of over 257 apparel retail stores in nine countries in Europe. The company was founded in 1969 and is a subsidiary of Associated British Foods plc which is a diversified international food, ingredients and retail group with sales of £13.3bn. Primark Stores Ltd has head offices in Reading, United Kingdom and Dublin, Ireland.

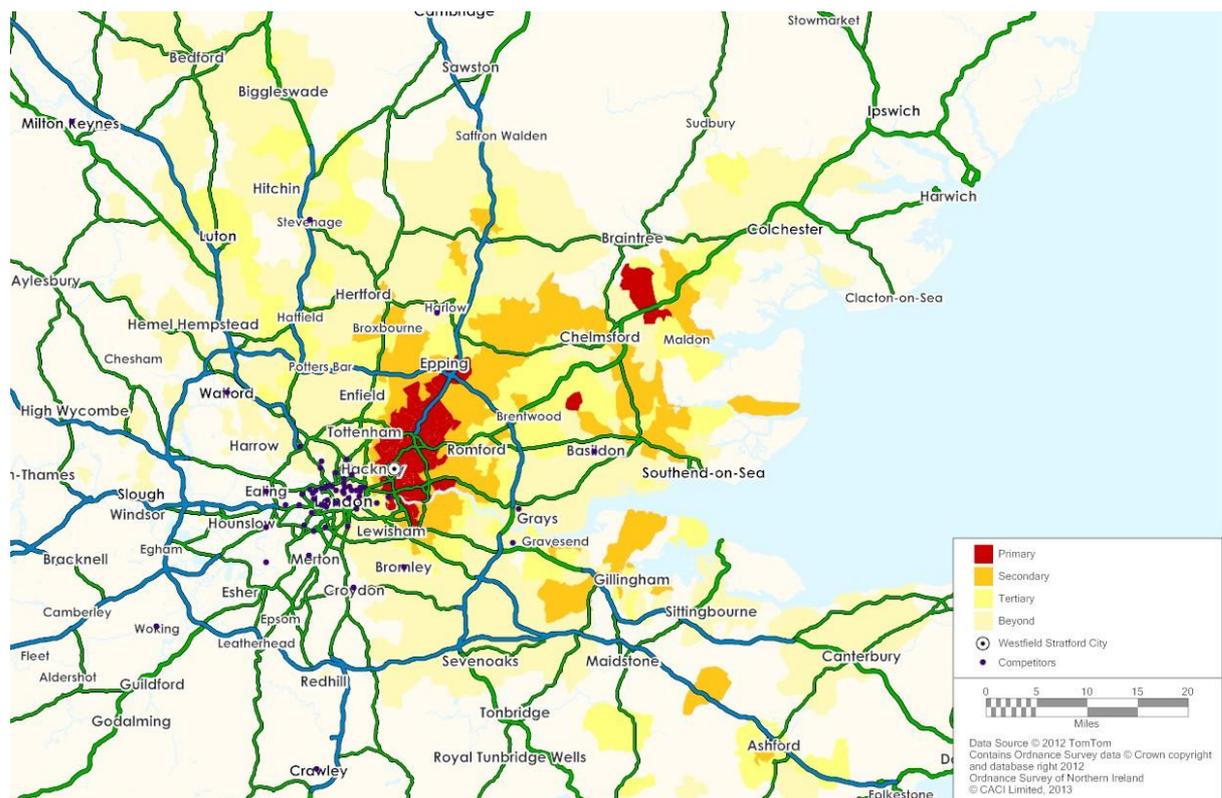
### *Catchment and local competition*

The CACI Retail Footprint (2013) in relation to the Shopping Centre states that the total population within the catchment trade area is 4,361,535 and the weighted population (the market share when

competition is taken into consideration) the Shopping Centre attracts is 541,071, representing a penetration rate of 12.4%. The total annual weighted potential expenditure (the spend on goods categories present at the Shopping Centre) in relation to Westfield Stratford City is estimated to be £2.63 bn per annum.

According to CACI's 2013 Trade Area Map, Stratford's primary catchment area principally comprises the surrounding areas of east London, extending as far as the City of London in the west, along the northern side of the Thames into the Docklands, as far as Beckton, and further into Essex taking in Woodford, Chigwell and Epping. The secondary catchment extends across a much wider area, and takes in much of the north eastern quadrant of London inside the M25 motorway, and further north into Essex and Hertfordshire towards Chelmsford, Harlow, Bishops Stortford and Hertford.

(CACI 2013 Westfield Stratford City Trade Area Map)



Source: CACI Retail Footprint (2013)

According to the Valuer's National Survey of Local Shopping Patterns, Westfield Stratford City's principal competition from a retailing perspective comprises Central London, Romford and Ilford which attract 12.55%, 7.75% and 6.65% of Stratford's catchment population respectively.

There are six key Central London retail sub-markets: the West End (Oxford Street, Regent Street and Bond Street); Covent Garden; Kensington; Knightsbridge; Kings Road and the City. The West End of London achieves the highest level of expenditure in the country.

### Development Plans

Westfield Stratford City is expected to undergo construction for a redevelopment that includes (i) the installation of a new full glazed high level canopy along the majority of the outdoor shopping street, (ii) the installation of integrated tensile fabric covers at two outdoor public spaces, (iii) the installation of associated lighting, public realm works and localised wind mitigation, and (iv) the design and construction of a new store located at the south side of the shopping centre (in excess of 70,000 square

feet GIA). The street canopy and related roof work is expected to commence in the second half of 2014 and will be completed on or prior to April 2015.

It is not expected that any of the retailers impacted by the project will be closed during the construction period.

There are ongoing negotiations with retailers in relation to a new store located on The Street with an expected opening date during 2016. The total project cost is approximately £73 million and shall be funded by equity injection from the owners of the Property.

## Market Commentary

### *UK Shopping Centre Market*

The commercial property investment market experienced a notable upturn in demand during 2013. The banks returned quickly to the new lending market since summer 2013 and with finance available from both the traditional UK high street clearing banks and overseas banks, particularly German and American sources, lending margins have reduced. The combined effect of greater levels of available debt finance, greater levels of equity and an improved economic outlook led to considerably higher levels of demand and investment activity in 2013; in total over £53 bn of commercial property was traded during the year, the highest level since 2006 (Source: *Valuation Report*).

The shopping centre sector of the market mirrored the increase in activity, with investment volumes reaching £4.2 bn, almost double the levels achieved in 2012 and the highest level achieved since 2006 (Source: *Valuation Report*).

There is demand from a range of purchasers at present, with international sovereign wealth funds and UK REITs acquisitive for prime retail; private equity and the institutions are notably acquisitive for mid yielding stock and demand for higher yielding secondary stock is evident from property companies and some UK fund managers. A lack of openly marketed stock may limit investment volumes during 2014, but it is also likely to buoy pricing over the near term.

The values for super-prime properties have been driven by significant levels of overseas cash, particularly sovereign wealth funds, who have exploited Sterling's relative weakness (although it is now strengthening again) and the UK REITS who have raised considerable amounts of relatively cheap finance in 2013 on the bond market.

In 2014, capital values have continued to rise and IPD All Property (an Investment Property Databank Ltd index) has experienced a 2.3% increase in the first quarter of 2014 with all sectors recording capital value increases.

As at May 2014, the Valuer's opinion of prime shopping centre asset yields was 5.00% (5.25% in December 2013). All sectors are trending positively for both prime and secondary assets. Investors continue to have primary regard to the initial income and the quality and longevity of the income stream, and the potential to add value through asset management.

The below table provides a list of comparables by setting out completed shopping centre transactions in the UK and Europe and corresponding purchase prices between October 2012 and May 2014.

Table 4: Comparable Shopping Centre Transactions

Centre	Transaction date	Price	Net Initial Yield
Centro, Oberhausen (50%)	February 2014	€885m	4.25%
The Centre: MK, Milton Keynes (50%)	January 2014	£270m	5.30%
Bullring, Birmingham (33%)	May 2013	£307m	5.25%
Meadowhall, Sheffield (50%)	October 2012	£763m	5.15%

Source: *Valuation Report*

In June 2014, and subsequent to the date of the Valuation Report, the sale of a 30% interest in Bluewater shopping centre, referred to in the Valuation Report, concluded. According to the vendor's, Lend Lease, stock exchange announcement the 30% interest was sold for £656 million and its management rights and sundry land interests for £40 million. Further, according to Lend Lease the total value to Lend Lease including management rights results in an initial yield for Bluewater Shopping Centre of approximately 4.0% (Source: *2014 Lend Lease News Release*).

According to the Valuer, the evidence set by this transaction is likely to be relevant to the value of the Property and suggests that yields for the UK's top tier regional shopping centres have improved and the capital value of the Property has increased since the date of the Valuation Report (Source: *CBRE*). However, the Valuer has not undertaken a full revaluation since the date of the Valuation Report.

## BANK ACCOUNTS

### The Obligors' Accounts

The Borrower will, on or before the Closing Date, open and maintain the Debt Service Account and the Deposit Account. The Debt Service Account will have credited to it prior to each Loan Interest Payment Date the expected amount required in order for the Borrower to meet its obligations under the Issuer/Borrower Facility Agreement on that Loan Interest Payment Date (including interest and facility fees). The Deposit Account will have credited to it amounts due to be applied on a Loan Interest Payment Date toward prepayment of the Loan in relation to Disposal Proceeds, insurance proceeds and financial covenant breach cures.

Pursuant to the Borrower Deed of Charge, if the Borrower Account Bank ceases to be an Eligible Bank, the Obligors shall promptly arrange for the transfer of their accounts to a bank which is an Eligible Bank (or to another bank if such transfer is not possible).

“**Eligible Bank**” means Barclays Bank PLC or an English bank or an English permanent establishment of any other bank (being, in either case, a “bank” within the meaning of section 991 Income Taxes Act 2007), that has the Account Bank Required Rating; and

“**Account Bank Required Rating**” means in respect of each Account Bank to the extent it is rated by Fitch and/or DBRS:

- (a) in respect of Fitch:
- (i) at any time, a long-term rating of the Account Bank’s unguaranteed, unsecured and unsubordinated debt obligations of at least “A” by Fitch and a short-term rating of at least “F1” by Fitch; or
  - (ii) such lower debt rating from Fitch as is commensurate with the rating assigned to the Notes from time to time as set out in the table below:

Current Rating of the Notes	Fitch Minimum Ratings
AA+sf	A-’ with a short-term rating of ‘F2’
A+sf	‘BBB+’ with a short-term rating of ‘F2’
BBB+sf	‘BBB-’ with a short-term rating of ‘F3’
BB+sf	At least as high as the Notes’ rating
B+sf and below	At least as high as the Notes’ rating

- (b) in respect of DBRS:
- (i) at any time, a long-term rating of the Account Bank’s unguaranteed, unsecured and unsubordinated debt obligations of at least “A” by DBRS and a short-term rating of at least “R-1 (middle)” by DBRS; or
  - (ii) such lower debt rating from DBRS as is commensurate with the rating assigned to the Notes from time to time as set out in the table below:

Current Rating of the Notes	Minimum Institution Rating
AAA (sf)	A
AA (high) (sf)	A
AA (sf)	A
AA (low) (sf)	A
A (high) (sf)	BBB (high)
A (sf)	BBB
A (low) (sf)	BBB (low)
BBB (high) (sf)	BBB (low)

BBB (sf)	BBB (low)
BBB (low) (sf)	BBB (low)

or

(c) such other rating as the relevant Rating Agencies determine will not cause a downgrade of the Notes.

The accounts opened and maintained by the Borrower and each other Obligor in accordance with the terms of the Issuer/Borrower Facility Agreement are described elsewhere in this Prospectus. For further information about these accounts and how payments are made in respect of the Loan, see the section entitled “*Issuer/Borrower Facility Agreement – Bank Accounts*”.

### **The Issuer Accounts**

#### *The Issuer Transaction Account*

Pursuant to the Issuer Cash Management Agreement, the Issuer Account Bank will open and maintain an account in the name of the Issuer (the “**Issuer Transaction Account**”) into which all amounts arising in respect of the Loan, the Swaps (other than amounts to be credited to the Swap Collateral Accounts) and Liquidity Drawings (other than Stand-by Drawings) will be paid. The Issuer Cash Manager will make all payments required to be made on behalf of the Issuer from the Issuer Transaction Account and will operate the Issuer Transaction Account in accordance with the terms of the Issuer Cash Management Agreement.

#### *The Swap Collateral Accounts*

Collateral amounts (if any) that might be required to be posted by a Swap Provider pursuant to a Swap Credit Support Annex may be delivered in the form of cash or securities. Cash amounts paid by a Swap Provider will be paid into the Swap Collateral Cash Account opened in respect of such Swap Provider. If securities are transferred by a Swap Provider, the Swap Collateral Custody Account will be required to be opened in respect of such Swap Provider and securities will be transferred to such Swap Collateral Custody Account.

#### *The Stand-by Accounts*

Any Stand-by Drawing which the Issuer might require from a Liquidity Facility Provider will be credited to separate accounts in the name of the Issuer in respect of the relevant Liquidity Facility Provider with the Issuer Account Bank or another Eligible Institution if a Liquidity Facility Provider ceases to have the Liquidity Facility Required Ratings (the “**Stand-by Account**”).

### **Money Market Funds**

Pursuant to the Issuer Cash Management Agreement, the Issuer Cash Manager will procure (pursuant to an instruction in writing from the Issuer) that any moneys on deposit in the Swap Collateral Cash Account and the Stand-by Accounts will be invested in Eligible Investments which are money market funds which have a “AAA” long-term rating (or its equivalent) by Fitch and DBRS for their unguaranteed, unsecured and unsubordinated debt obligations or such lower short-term or, as applicable, long-term debt rating as is commensurate with the rating assigned to the Notes from time to time to the extent that the Issuer Account Bank or the Issuer Cash Manager has access to such money market funds.

## AVAILABLE FUNDS AND THE ISSUER PRIORITIES OF PAYMENT

### Source of Funds

The repayment of principal and the payment of interest by the Borrower in respect of the Loan will provide the principal source of funds for the Issuer to make repayments of principal and payments of interest in respect of the Notes.

The Facility Fees will provide the principal source of funds for the Issuer to make payments of expenses and fees due to the Issuer Secured Creditors,

### Determination Date

On each Determination Date, the Issuer Cash Manager will calculate the amount, based on information provided to it by the Servicer, of any Liquidity Drawing which will be required to be made on the next following Note Payment Date, and the Issuer Cash Manager will also be required to calculate and/or determine, based on information provided to it by the Servicer:

- (a) the Available Funds available to the Issuer for distribution on the following Note Payment Date; and
- (b) all amounts due according to the Issuer Pre-Acceleration Priority of Payments.

### Funds Paid into the Issuer Transaction Account

On each Loan Interest Payment Date, the Servicer will transfer from the Debt Service Account to the Issuer Transaction Account an amount in respect of interest, principal (if any), Facility Fees, Early Redemption Premium and other amounts (if any) then payable under the Issuer/Borrower Facility Agreement to which the Issuer, as a lender, is entitled.

“**Available Funds**” means, on any day, an amount equal to the aggregate of:

- (a) all amounts (including Facility Fees) received by the Issuer from the Borrower pursuant to the Issuer/Borrower Facility Agreement standing to the credit of the Issuer Transaction Account at the close of business on the Business Day immediately prior to the Determination Date referable to such Note Payment Date;
- (b) floating amounts to be received from each Swap Provider under the relevant Swap Agreement on or in respect of the relevant Note Payment Date (other than (i) any Swap Termination Payment to be received by the Issuer under the relevant Swap Agreement on the applicable Note Payment Date which is to be applied in acquiring a replacement swap, (ii) Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Swap Agreement, to reduce the amount that would otherwise be payable by the relevant Swap Provider to the Issuer on early termination of the Swap Transaction under the relevant Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the relevant Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap, (iii) any Replacement Swap Premium but only to the extent applied directly to pay any termination payment due and payable by the Issuer to the relevant Swap Provider; and (iv) any amount in respect of Swap Tax Credits; and
- (c) Liquidity Drawings which are received by the Issuer by 10:30 a.m. (London time) on such Note Payment Date.

“**Replacement Swap Premium**” means any amount received by the Issuer from a replacement swap provider upon entry by the Issuer into an agreement with such replacement swap provider to replace the relevant Swap Transaction.

“**Swap Collateral**” means any cash or securities transferred by any Swap Provider to the Issuer on any date pursuant to the terms of the relevant Credit Support Annex to the applicable Swap Agreement and any interest or distributions accruing on such cash or securities that has not been returned to the relevant Swap Provider pursuant to the terms of the relevant Swap Agreement and the Issuer Deed of Charge.

“**Swap Tax Credits**” means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by any Swap Provider to the Issuer or a reduced payment from the Issuer to the relevant Swap Provider.

### **Principal Repayments**

On each Note Payment Date, the Notes will be subject to a mandatory redemption in full or part in an amount equal to the Prepayment Funds received by the Issuer from the Borrower pursuant to the Issuer/Borrower Facility Agreement to the extent not otherwise applied on such Note Payment Date in satisfaction of all amounts payable by the Issuer which rank in priority to repayments of principal in respect of the Notes under the Issuer Pre-Acceleration Priority of Payments.

In addition, the Notes will be subject to redemption in full in accordance with Condition 5(c) (*Optional Redemption for Tax or Other Reasons*) or Condition 5(d) (*Optional Redemption in Full*).

“**Prepayment Funds**” means all principal repayments received by or on behalf of the Issuer in respect of the Loan as a result of: (i) the voluntary prepayment of the Loan in part or in full by the Borrower; (ii) mandatory prepayments made from disposal proceeds pursuant to the Issuer/Borrower Facility Agreement; (iii) mandatory prepayments made from insurance proceeds pursuant to the Issuer/Borrower Facility Agreement; (iv) cure payments made under the Loan and credited to the Deposit Account; and (v) repayment of the Loan at the Loan Maturity Date or thereafter and (vi) amounts recovered in respect of the Loan which are applied towards the reduction of outstanding principal as a result of any action taken to enforce the Loan and/or the Borrower Security.

### **Issuer Priority Payments**

The Issuer, or the Issuer Cash Manager on its behalf will, in the case of the amounts referred to in paragraph (a) below, and otherwise may make the following payments from the Issuer Transaction Account in priority to all other payments required to be made by the Issuer on any day on which such payments are required from Available Funds or if such amounts are insufficient, from the proceeds of Expense Drawings or Property Protection Drawings:

- (a) amounts due to third parties set out in paragraph (b) of the Issuer Pre-Acceleration Priority of Payments (other than amounts payable to the Issuer Related Parties) under obligations incurred in the course of the Issuer’s business and including the Issuer’s liability, if any, to corporation tax and/or VAT; and
- (b) after a Loan Event of Default, any urgent capital expenditure required to prevent a material decline in the value of a Property (as determined by the Servicer or, if applicable the Special Servicer, acting in accordance with the Servicing Standard),

such payments together referred to as, the “**Issuer Priority Payments**”.

### **Issuer Pre-Acceleration Priority of Payments**

Prior to the service of a Note Acceleration Notice, on each Note Payment Date, the Issuer Cash Manager will apply Available Funds (subject to the prior payment of Issuer Priority Payments), as determined on the immediately preceding Determination Date in the following order of priority (the “**Issuer Pre-Acceleration Priority of Payments**”) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, according to the respective amounts thereof, of the fees or other remuneration of (and amounts payable in respect of indemnity protection) and any Indemnified Loss incurred by the Note Trustee and the Issuer Security Trustee, respectively, and, in each case, the appointees thereof;
- (b) *second*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, according to the respective amounts thereof, of the amounts, including, but not limited to, tax adviser fees, costs of tax compliance, legal fees, audit fees, anticipated winding-up costs of the Issuer, fees due to the stock exchange on which the Notes are then listed, fees due to Rating Agencies and company secretarial expenses, which are payable by the Issuer to third parties and incurred without breach by the Issuer of the Note Trust Deed or the Issuer Deed of Charge and not provided for payment elsewhere in the Issuer Pre-Acceleration Priority of Payments, and to provide for any such amounts expected to become due and payable by the Issuer after that Note Payment Date but before the next succeeding Note Payment Date, and to provide for the Issuer's liability or possible liability for corporation tax (other than UK corporation tax in respect of the Issuer Profit Amount which shall be met from the Issuer Profit Amount) after that Note Payment Date but before the next succeeding Note Payment Date;
- (c) *third*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, according to the respective amounts thereof, of (i) all amounts due to the Issuer Corporate Services Provider under the Corporate Services Agreement, (ii) fees, costs and expenses of the directors of the Issuer and any advisers appointed by them, if any, (iii) all amounts due to the Servicer or Special Servicer, as applicable under the Servicing Agreement, (iv) all amounts (including all Indemnified Losses) due to the Issuer Account Bank under the Issuer Cash Management Agreement, (v) all amounts (including all Indemnified Losses) due to the Issuer Cash Manager under the Issuer Cash Management Agreement, and (vi) all amounts (including all Indemnified Losses) due to the Agents under the Agency Agreement;
- (d) *fourth*, in or towards satisfaction of all amounts due on account of any financing obtained by the Servicer or Special Servicer on behalf of the Issuer as authorised pursuant to the Servicing Agreement;
- (e) *fifth*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of all amounts due or accrued but unpaid to the Liquidity Facility Providers under the Liquidity Facility Agreements (other than Liquidity Subordinated Amounts);
- (f) *sixth*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of all amounts due or overdue to the Swap Providers under the Swap Agreements (other than the Swap Subordinated Amounts);
- (g) *seventh*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of all interest due or overdue on the Notes;
- (h) *eighth*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of all principal due or overdue on the Notes in an amount equal to the lesser of (i) the Prepayment Funds received during the immediately preceding Collection Period (to the extent not applied in meeting any amount due in items (a) to (g) above) and (ii) the Principal Amount Outstanding of the Notes and any Early Redemption Premium due or overdue on the Notes;
- (i) *ninth*, to retain the Issuer Profit Amount (which the Issuer may, prior to the enforcement of the Issuer Security, after meeting any UK corporation tax thereon, use to pay a dividend);
- (j) *tenth*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of amounts due or overdue to the Liquidity Facility Providers in respect of any Liquidity Subordinated Amount;

- (k) *eleventh*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of all amounts due or overdue to the Swap Providers in respect of any Swap Subordinated Amounts to the extent not satisfied by any Replacement Swap Premium; and
- (l) *twelfth*, the surplus, if any, by way of rebate to the Borrower of the Facility Fees under the Issuer/Borrower Facility Agreement.

“**Liquidity Subordinated Amounts**” means, in respect of any affected Liquidity Facility Provider any amounts in respect of

- (a) increased costs payable to the Liquidity Facility Providers to the extent that such amounts exceed 1.0 per cent. per annum of the commitment provided under the Liquidity Facility Agreements (whether drawn or undrawn); and
- (b) if there is any Stand-by Drawing then outstanding, the excess of the interest then payable in respect thereof over the aggregate of (i) an amount equal to the commitment fee which would otherwise then be payable (but for the Stand-by Drawing) under the relevant Liquidity Facility and (ii) an amount equal to the amount of interest earned in the relevant period in respect of the relevant Stand-by Account and the interest element of any proceeds of any Eligible Investments made out of amounts standing to the credit of the relevant Stand-by Account.

“**Swap Subordinated Amount**” means any Swap Termination Payment which may be due to the Swap Providers as a result of the occurrence of a Swap Trigger.

“**Swap Termination Payment**” means, if a Swap Transaction is terminated in whole or in part prior to its originally scheduled termination date (including as a result of any partial termination), the termination payment which may become payable by the Issuer in accordance with the terms of that Swap Agreement with respect to the termination portion of the notional amount of the Swap Transaction for the period from (and including) the date of early termination to (and including) the originally scheduled termination date.

#### **Issuer Post-Acceleration Priority of Payments**

Following the service of a Note Acceleration Notice, the Issuer Security Trustee will apply all moneys received by the Issuer and/or the Issuer Security Trustee or a Receiver, including proceeds of enforcement of the Issuer Security (other than amounts, if any, standing to the credit of the Stand-by Accounts or amounts constituting Swap Tax Credits or amounts standing to the credit of the Swap Collateral Cash Accounts (if any) and realisations of cash in respect of securities credited to the Swap Collateral Custody Accounts(if any)) in the following order of priority (the “**Issuer Post-Acceleration Priority of Payments**” and together with the Issuer Pre-Acceleration Priority of Payments, the “**Issuer Priorities of Payments**”) (in each case only if and to the extent that payments of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts thereof, of the costs, expenses, fees or other remuneration, indemnity payments and Indemnified Losses (if any) payable to the Note Trustee or any of its appointees and the Issuer Security Trustee or any of its appointees (including any receiver appointed by the Issuer Security Trustee);
- (b) *second*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts thereof, of the amounts of the legal fees, audit fees, tax adviser fees, anticipated winding-up costs of the Issuer, fees due to the stock exchange where the Notes are then listed, fees due to Rating Agencies and company secretarial expenses, which are payable by the Issuer to third parties and incurred without breach by the Issuer of the Note Trust Deed or the Issuer Deed of Charge and not provided for payment elsewhere in the Issuer Post-Acceleration Priority of Payments, and to provide for any such amounts expected to become due and payable by the Issuer after that Note Payment Date;

- (c) *third*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, according to the respective amounts thereof, of (i) all amounts due to the Issuer Corporate Services Provider under the Corporate Services Agreement, (ii) fees and expenses of the directors of the Issuer and any advisers appointed by them, if any, (iii) all amounts due to the Servicer or Special Servicer, as applicable, under the Servicing Agreement, (iv) all amounts (including all Indemnified Losses) due to the Issuer Account Bank under the Issuer Cash Management Agreement, (v) all amounts (including all Indemnified Losses) due to the Issuer Cash Manager under the Issuer Cash Management Agreement, and (vi) all amounts (including all Indemnified Losses) due to the Agents under the Agency Agreement;
- (d) *fourth*, in or towards all amounts due on account of any financing obtained by the Servicer or Special Servicer on behalf of the Issuer as authorised pursuant to the Servicing Agreement;
- (e) *fifth*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of all amounts due or accrued but unpaid to the Liquidity Facility Providers under the Liquidity Facility Agreements (other than Liquidity Subordinated Amounts);
- (f) *sixth*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of all amounts due or overdue to the Swap Providers under the Swap Agreements (other than the Swap Subordinated Amounts);
- (g) *seventh*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of all interest due or overdue on the Notes;
- (h) *eighth*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of all principal and Early Redemption Premium (if any) due or overdue on the Notes;
- (i) *ninth*, to retain the Issuer Profit Amount;
- (j) *tenth*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of all Liquidity Subordinated Amounts;
- (k) *eleventh*, in or towards satisfaction, on a *pro rata* and *pari passu* basis, of all amounts due or overdue to the Swap Providers in respect of any Swap Subordinated Amounts to the extent not satisfied by any Replacement Swap Premium; and
- (l) *twelfth*, the surplus, if any, by way of rebate to the Borrower of the Facility Fees under the Issuer/Borrower Facility Agreement.

#### **Modifications to the Issuer Priorities of Payment**

No Adverse Priorities of Payment Modification (as defined below) shall be made unless each Affected Issuer Secured Creditor (as defined below) has provided its prior written approval of the proposed modification to the Issuer Security Trustee.

For the purpose of the above, “**Adverse Priorities of Payment Modification**” means a proposed modification to any of the Issuer Priorities of Payments which, in relation to any Issuer Secured Creditor (such Issuer Secured Creditor being an “**Affected Issuer Secured Creditor**”), would of itself have the effect of:

- (a) reducing the amount of any payment that the Affected Issuer Secured Creditor would have been entitled to receive from the Issuer if the modification were not made; or
- (b) subordinating the priority ranking position of the Affected Secured Creditor in the applicable Issuer Priorities of Payments.

Without prejudice to the rights of Noteholders in respect of any Basic Terms Modification, no Noteholder shall be an Affected Issuer Secured Creditor and the prior written approval of Noteholders shall not be required in respect of any Adverse Priorities of Payment Modification.

#### **Swap Termination Payments, Swap Collateral and Swap Tax Credits**

Swap Termination Payments paid by the relevant Swap Provider (or any replacement Swap Provider) to the Issuer by reason of a termination in full of the Swap Transaction in accordance with the terms of the Swap Agreement prior to the redemption in full of the Notes will be applied first in making payment of any premium required to be paid to an agreement to replace the Swap Provider to enter into a replacement Swap Transaction at the direction of the Servicer or the Issuer and the balance (if any) shall form part of Available Funds or sums available for application in accordance with the applicable Issuer Priority of Payments.

Any Replacement Swap Premium received by the Issuer from a replacement Swap Provider in connection with the execution of an agreement to replace the Swap Transaction shall be applied first in making payment of any Swap Termination Payment to any outgoing Swap Provider and the balance (if any) shall form part of the Available Funds for application in accordance with the applicable Issuer Priority of Payments.

Any Return Amount, Interest Amount (to the extent actually paid by the Issuer Account Bank to the Issuer), Distributions (each as defined in the Swap Agreement) shall be transferred or paid directly to the relevant Swap Provider and such amounts shall not form part of Available Funds or moneys received by the Issuer, the Issuer Security Trustee or any receiver available for application in accordance with the applicable Issuer Priority of Payments.

Any Swap Termination Payment due to the relevant Swap Provider shall be satisfied first from any Replacement Swap Premium and amounts standing to the credit of the relevant Swap Collateral Cash Account and/or proceeds of realisation of securities standing to the credit of the relevant Swap Collateral Custody Account (as the case may be) and such amounts shall be paid directly to the relevant Swap Provider and shall not form part of Available Funds and thereafter, moneys received by the Issuer, Issuer Security Trustee or any receiver available for application in accordance with the applicable Issuer Priority of Payments.

Any Swap Tax Credit shall be returned directly to the relevant Swap Provider and such amounts shall not form part of Available Funds or moneys received by the Issuer, Issuer Security Trustee or any receiver for application in accordance with the applicable Issuer Priority of Payments.

## NOTE TRUST DEED

The Note Trustee will be appointed pursuant to the Note Trust Deed to represent the interests of the Noteholders. The Note Trustee will agree to hold the benefit of the covenants of the Issuer contained in the Note Trust Deed on behalf of itself and on trust for the Noteholders.

The Note Trust Deed will:

- (a) set out when, and the terms upon which, the Note Trustee will be entitled or obliged, as the case may be, to take steps to enforce the Issuer's obligations under the Notes;
- (b) contain various covenants of the Issuer relating to repayment of principal and payment of interest in respect of the Notes, to the conduct of its affairs generally and to certain ongoing obligations connected with its issuance of the Notes;
- (c) provide for the remuneration of the Note Trustee, the payment of expenses incurred by it in the exercise of its powers and performance of its duties and provides for the indemnification of the Note Trustee against liabilities, losses and costs arising out of the Note Trustee's exercise of its powers and performance of its duties;
- (d) provide that the determinations of the Note Trustee will be conclusive and binding on the Noteholders;
- (e) set out the extent of the Note Trustee's powers and discretions, including its rights to delegate the exercise of its powers or duties to agents, to seek and act upon the advice of certain experts and to rely upon certain documents without further investigation;
- (f) set out the scope of the Note Trustee's liability for any fraud, gross negligence or wilful default in connection with the exercise of its duties;
- (g) set out the terms upon which the Note Trustee may, without the consent of the Noteholders, waive or authorise any breach or proposed breach of covenant by the Issuer or determine that a Note Event of Default or an event which will become a Note Event of Default with the giving of notice or the passage of time will not be treated as such;
- (h) set out the terms upon which the Note Trustee may, without the consent of the Noteholders, make or sanction any modification to the Conditions or to the terms of the Note Trust Deed or the other Issuer Transaction Documents; and
- (i) set out provisions for the convening and holding of Noteholder meetings.

The Note Trust Deed will also contain provisions governing the retirement or removal of the Note Trustee and the appointment of a successor Note Trustee. The Note Trustee may at any time and for any reason resign as Note Trustee upon giving not fewer than 60 days' prior written notice to the Issuer. The Noteholders acting together by Extraordinary Resolution may together remove the Note Trustee from office. No retirement or removal of the Note Trustee (or any successor Note Trustee) will be effective until a trust corporation has been appointed to act as successor Note Trustee.

The appointment of a successor Note Trustee will be made by the Issuer where the Note Trustee has given notice of its resignation and the Issuer has failed to make any such appointment by the expiry of the applicable notice period, the Note Trustee shall be entitled to nominate as successor trustee a trust corporation. Certain information relating to the Note Trustee and the Note Trust Deed (including details of the retirement or removal of the Note Trustee) will be provided to the Rating Agencies.

The Note Trust Deed will be governed by English law.

## LIQUIDITY FACILITY AGREEMENTS

On or prior to the Closing Date, the Issuer will enter into a separate Liquidity Facility Agreement based on the same terms, with each Liquidity Facility Provider, the Issuer Cash Manager and the Issuer Security Trustee, pursuant to which each Liquidity Facility Provider will provide to the Issuer a 364-day committed revolving loan facility (each, a “**Liquidity Facility**”). Each Liquidity Facility will be renewed, as required, by the Issuer. The maximum aggregate principal amount available for drawdown under the Liquidity Facility will decrease as the Principal Amount Outstanding of the Notes decreases.

As of the Closing Date, the commitment of each Liquidity Facility Provider will be £15,600,000 (each, the “**Initial Liquidity Facility Commitment**”). If on any Determination Date, the aggregate Principal Amount Outstanding of the Notes is less than the original aggregate Principal Amount Outstanding on the Closing Date as a result of the application of Prepayment Funds in redemption of the Notes in accordance with the Conditions, then the Liquidity Facility Commitment will be re-calculated as follows:

$$\left( \frac{\text{Principal Amount Outstanding of Notes on Determination Date}}{\text{Principal Amount Outstanding of Notes on Closing Date}} \right) \times \text{Initial Liquidity Facility Commitment}$$

each such amount, from time to time being, the “**Liquidity Facility Commitment**”.

The Liquidity Facility Commitment may also be reduced by the Issuer, subject to the Issuer receiving a confirmation in writing from the Rating Agencies (such confirmation requested by the Issuer) that such reduction in the Liquidity Facility Commitment will not result in, *inter alia*, a downgrading of any of the Notes to below their then current rating levels.

Drawings in respect of the Liquidity Facilities must be made in sterling.

The Liquidity Facility may be used to remedy an Expenses Shortfall, an Interest Shortfall or a Property Protection Shortfall.

An “**Expenses Shortfall**” means, on any day, the amount by which the aggregate of:

- (a) Issuer Priority Payments payable by the Issuer on that day; and
- (b) the sum of all amounts due in accordance with items (a) to (f) (inclusive) of the Issuer Pre-Acceleration Priority of Payments on that day (less any Issuer Priority Payment payable by the Issuer on that day if it is a Note Payment Date),

is less than Available Funds on that day (excluding any Expenses Drawing or Interest Drawing made on that day) to make payment of such amounts.

An “**Interest Shortfall**” means the amount, determined by Issuer Cash Manager on any Determination Date, by which Available Funds are less than the aggregate amount of (A) payments due on the Note Payment Date following such date in respect of items (a) to (g) (inclusive) of the Issuer Pre-Acceleration Priority of Payments and (B) any urgent capital expenditure payable pursuant to subparagraph (b) of the Issuer Priority Payments (other than amounts which are to be funded from the proceeds of an Expense Drawing) on the Note Payment Date following such Determination Date.

A “**Property Protection Shortfall**” means a shortfall arising if, on any day, the Borrower (or any person having any direct or indirect interest in the Property) fails to pay certain amounts to third parties, such as insurers, and persons providing services in connection with the operation of the Property and (i) the Borrower has the ability to pay such amount on behalf of such person or direct such person to make such payment, and (ii) there are insufficient funds available in the Borrower's accounts to pay such amounts.

A Property Protection Shortfall may be an amount identified as such by either the Servicer or Special Servicer, as applicable, in a manner consistent with the relevant provisions of the Servicing Agreement.

The Servicer or the Special Servicer, as the case may be, may make or direct the Issuer Cash Manager to make on behalf of the Issuer, the relevant payment if certain additional requirements have been met (such payment being, a “**Property Protection Advance**”). See the section entitled “*Servicing Arrangements for the Loan - Property Protection Advances and Property Protection Drawings*” for further details.

A Property Protection Shortfall, an Expenses Shortfall and an Interest Shortfall are each referred to as a “**Shortfall**”.

On the occurrence of an Expenses Shortfall or a Property Protection Shortfall, the Servicer will notify the Issuer Cash Manager of the existence of such Shortfall and on each Determination Date, the Issuer Cash Manager will determine the amount of any Interest Shortfall. The Issuer Cash Manager shall, on behalf of the Issuer, make a drawing under each Liquidity Facility Agreement in an amount equal to half the relevant Expenses Shortfall (an “**Expense Drawing**”), and/or half the relevant Interest Shortfall (an “**Interest Drawing**”) and/or half the relevant Property Protection Shortfall (a “**Property Protection Drawing**”), such that the remaining half of the relevant Shortfall will be funded by the other Liquidity Facility Provider. An Expense Drawing, an Interest Drawing and a Property Protection Drawing are each referred to as, a “**Liquidity Drawing**”. If a Liquidity Facility Provider fails to fund any Shortfall (including from funds available after a Standby Drawing), the second Liquidity Facility Provider will fund such shortfall to the extent of the undrawn balance of the second Liquidity Facility Provider’s Liquidity Facility Commitment.

The Issuer shall use the proceeds of any Interest Drawing in making payments to, among others, the Noteholders of interest, in accordance with the Issuer Pre-Acceleration Priority of Payments. An Interest Drawing will not be used to repay any amount of principal of the Notes.

All payments due to the Liquidity Facility Providers under the Liquidity Facility Agreements (other than in respect of any Liquidity Subordinated Amount) will rank ahead of payments of interest on and repayments of principal of the Notes.

For further information about the ranking of such payments, see the section entitled “*Available Funds and the Issuer Priorities of Payments*”.

The Liquidity Facility Agreements will provide that, at all times, each Liquidity Facility Provider will have:

if the Liquidity Facility Provider is rated by DBRS, a long-term rating of the Liquidity Facility Provider’s unguaranteed, unsecured and unsubordinated debt obligations of at least “A” by DBRS and a short term rating of at least R-1 (middle) by DBRS; or

a long-term rating of the Liquidity Facility Provider’s unguaranteed, unsecured and unsubordinated debt obligations of at least “A” by Fitch and a short-term rating of at least “F1” by Fitch such lower debt rating as is commensurate with the rating assigned to the Notes from time to time as specifically provided in the Liquidity Facility Agreements and as set out in more detail in the table below (the “**Liquidity Facility Required Ratings**”):

<b>Current Rating of the Notes</b>	<b>Fitch Minimum Liquidity Facility Provider Ratings</b>
AA+sf	‘A-’ with a short-term rating of ‘F2’
A+sf	‘BBB+’ with a short-term rating of ‘F2’
BBB+sf	‘BBB-’ with a short-term rating of ‘F3’
BB+sf	At least as high as the rating of the Notes
B+sf and below	At least as high as the rating of the Notes

If:

- (a) a Liquidity Facility Provider ceases to have the Liquidity Facility Required Ratings; or
- (b) there has been a refusal by a Liquidity Facility Provider to agree to extend its commitment under the Liquidity Facility Agreements or fails to respond to a request to extend its commitment under the Liquidity Facility Agreement within the applicable time periods,

then the Issuer (or the Issuer Cash Manager on its behalf) will (subject, where applicable, to having been notified in writing of such rating downgrade) require the relevant Liquidity Facility Provider to pay into that Liquidity Facility Provider's Stand-by Account which is maintained with an appropriately rated bank, an amount (a "**Stand-by Drawing**") equal to its undrawn Liquidity Facility Commitment under the relevant Liquidity Facility Agreement. In addition, the relevant Liquidity Facility Provider shall use commercially reasonable endeavours to procure a replacement Liquidity Facility Provider (and if a replacement Liquidity Facility Provider is appointed, the Stand-by Drawing will be repaid to the outgoing Liquidity Facility Provider) or a guarantor for that relevant Liquidity Facility Provider's obligations with the Liquidity Facility Required Ratings.

If any Liquidity Facility Provider ceases to have the Liquidity Facility Required Ratings and a transfer to an entity replacing that Liquidity Facility Provider would otherwise have to be made but there is no other liquidity facility provider with the Liquidity Facility Required Ratings or if no other liquidity facility provider agrees to such transfer, the relevant Liquidity Facility Provider will consult with the Rating Agencies to consider alternative criteria for a replacement Liquidity Facility Provider prior to the selection of a replacement. The relevant Liquidity Facility Provider will keep the Issuer, the Note Trustee, the Servicer, the Special Servicer and the Issuer Cash Manager informed of any discussions it has with the Rating Agencies and shall consider any views they and the Rating Agencies may express during such consultation. Following such consultation, if a replacement entity is appointed, such appointment will be notified by the relevant Liquidity Facility Provider to the Rating Agencies promptly.

If the Issuer (or the Issuer Cash Manager on its behalf) makes a Stand-by Drawing, the Issuer Cash Manager (on behalf of the Issuer) will, prior to the expenditure of the proceeds of such drawing as described above, and in accordance with the relevant provisions of the Issuer Cash Management Agreement, invest such funds in Eligible Investments. Amounts standing to the credit of the Stand-by Accounts will be available to the Issuer to be drawn in the same circumstances as the Liquidity Drawings, as described above, and otherwise in the circumstances provided in the Liquidity Facility Agreements and, all repayments of Liquidity Drawings will, after a Stand-by Drawing has been made, be paid into the relevant Stand-by Account. Following the service of a Note Acceleration Notice or the Notes otherwise becoming due and repayable in full and following certain events of default under the Liquidity Facility Agreements, principal amounts standing to the credit of the Stand-by Accounts in respect of a Stand-by Drawing will be returned to the relevant Liquidity Facility Provider and will not be applied in accordance with either the Issuer Pre-Acceleration Priority of Payments or the Issuer Post-Acceleration Priority of Payments.

A commitment fee will accrue with respect to the Liquidity Facility at the rate of 0.95 per cent. per annum on the undrawn, uncanceled amount of the Liquidity Facility Commitment. The accrued commitment fee is payable quarterly in arrear on each Note Payment Date.

Liquidity Drawings and Stand-by Drawings will bear interest. The rate of interest payable to the Liquidity Facility Providers in relation to Liquidity Drawings will be a per annum rate equal to the sum of Sterling LIBOR plus 2 per cent. per annum (the "**Liquidity Margin**") plus any applicable increased costs (as defined in the Liquidity Facility Agreements). The rate of interest payable to the Liquidity Facility Providers in relation to Stand-by Drawings will be a per annum rate equal to the sum of Sterling LIBOR plus 1.50 per cent. per annum plus any applicable increased costs (as defined in the Liquidity Facility Agreements). If a Liquidity Drawing is not repaid on the relevant Note Payment Date as described above, the amount outstanding under the Liquidity Facility will be deemed to be repaid (but only for the purposes of the Liquidity Facility) and redrawn on such Note Payment Date in an amount equal to all amounts outstanding provided that the aggregate of the amounts drawn together

with other Liquidity Drawings will not exceed the Liquidity Commitment. This procedure will be repeated on each subsequent Note Payment Date, up to the amount of the Liquidity Commitment, until all amounts outstanding are paid and/or repaid, as the case may be. Liquidity Drawings and Stand-by Drawings may only be drawn in Sterling.

**“Eligible Investment”** means:

- (a) sterling gilt-edged securities, commercial paper, deposits (including, for the avoidance of doubt, any moneys on deposit in any of the Issuer Bank Accounts) or money market funds issued by, or fully and unconditionally guaranteed by, an Eligible Institution, which:
  - (i) will be denominated in Sterling;
  - (ii) (except in the case of a deposit) is primarily settled through Euroclear or Clearstream, Luxembourg;
  - (iii) will have a maturity date falling within a period of 30 calendar days, and in any event, which are redeemable at par together with accrued unpaid interest, not later than one Business Day prior to the next following Note Payment Date (the **“Liquidation Date”**);
  - (iv) (except in the case of a deposit), will be in the form of notes or financial instruments having, as applicable, a medium term rating of at least “A+” and/or a short-term rating of at least “F1” from Fitch and a medium term rating of at least “AA (low)” and/or a short-term rating of at least “R-1(middle)” from DBRS provided that:
    - (A) any Eligible Investment in notes or financial instruments having a short-term rating of at least “F1” from Fitch and/or “R-1(middle)” from DBRS, respectively, will not comprise more than 20 per cent. of a single rated issue's outstanding principal amount; and
    - (B) with respect to any investment made using moneys on deposit in a Swap Collateral Cash Account or a Standby Account, Eligible Investments will be money market funds which have a “AAAmmf” long-term rating (or its equivalent) by Fitch and/or “AAA” (or its equivalent) by DBRS, as applicable, for their unguaranteed, unsecured and unsubordinated debt obligations or, as applicable, a long-term debt rating of “Aaa-mf” by Moody’s or “AAAm” by S&P; and
    - (C) where the amounts available to the Issuer Cash Manager for investment in Eligible Investments at any time exceed one third of the aggregate projected Interest Amounts and Prepayment Funds that will be payable on the next Note Payment Date, with respect to the investment of the excess of such amounts over the aggregate projected Interest Amounts and Prepayment Funds that will be payable on the next Note Payment Date, Eligible Investments will be money market funds which have “AAAmmf” long-term rating (or its equivalent) by Fitch and/or “AAA” (or its equivalent) by DBRS, as applicable, for their unguaranteed, unsecured and unsubordinated debt obligations or, as applicable, a long-term debt rating of “Aaa-mf” by Moody’s or “AAAm” by S&P; and
  - (v) provides for principal to be repaid in respect of such investment which is at least equal to the price paid to purchase such investment and does not fall to be determined by reference to any formula or index and is not subject to any contingency.

**“Eligible Institution”** means any depository institution, organised under the laws of any state which is a member of the European Union or of the United States whose:

- (a) long-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least “A” by Fitch and “A” by DBRS; and
- (b) short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least “F1” by Fitch and “R-1 (middle)” by DBRS,

Certain information relating to the Liquidity Facility (including details of the making of any Liquidity Drawing, changes to the credit ratings of the Liquidity Facility Provider and renewals of the Liquidity Facility) will be provided to the Rating Agencies.

The Liquidity Facility Agreements will be governed by English law.

#### NOTEHOLDER COMMUNICATIONS

Any Verified Noteholder will be entitled from time to time to request the Issuer Cash Manager to post a notice on the investor reporting website of the Issuer Cash Manager requesting other Verified Noteholders to contact such Initiating Noteholder subject to and in accordance with the following provisions.

For these purposes “**Verified Noteholder**” means a Noteholder which has satisfied the Issuer Cash Manager in accordance with Condition 13 (*Meetings of Noteholders, Modification and Waiver and Substitution*) that it is a Noteholder.

Following receipt of a request for the publication of a notice from a Verified Noteholder (the “**Initiating Noteholder**”), the Issuer Cash Manager will publish such notice on its investor reporting website and as an addendum to any Issuer Cash Manager Quarterly Report or other report to Noteholders due for publication within 5 Business Days of receipt of the same (or, if there is no such report, through a special notice for such purpose as soon as is reasonably practical after receipt of the same) provided that such notice contains no more than:

- (a) an invitation to other Verified Noteholders to contact the Initiating Noteholder;
- (b) the name of the Initiating Noteholder and the address, phone number, website or email address at which the Initiating Noteholder can be contacted; and
- (c) the date(s) from, on or between which the Initiating Noteholder may be so contacted.

The Issuer Cash Manager shall not request any further or different information through this mechanism.

The Issuer Cash Manager will have no responsibility or liability for the contents, completeness or accuracy of any such published information and will have no responsibility (beyond publication of the same in the manner described above) for ensuring Noteholders receive such published information.

## THE SWAP ARRANGEMENTS

The Issuer will enter into a swap agreement, in the form of an ISDA 2002 Master Agreement (including a Schedule thereto, a Swap Credit Support Annex and the Swap Transaction) as the same may be amended, restated, supplemented, replaced or novated from time to time) with each of the Swap Providers on or prior to the Closing Date. The Swap Agreements will be entered into in order to hedge certain mismatches between the fixed rate payable by the Borrower under the Loan and the floating rate payable by the Issuer on the Notes (“**Interest Rate Mismatch**”). In order to mitigate that Interest Rate Mismatch, on or prior to the Closing Date, the Issuer will enter into an interest rate swap transaction with each Swap Provider in respect of the Loan (each a “**Swap Transaction**”).

The Swap Transactions will be documented under the Swap Agreements.

The Swap Transactions will provide for the Issuer to pay a swap rate to the relevant Swap Provider in return for receipt of three-month Sterling LIBOR from such Swap Provider. The Swap Transaction will have a term running until the Expected Maturity Date.

Notional Amount:	£375,000,000.00
Effective Date:	16 October 2014
Termination Date:	4 November 2019 subject to adjustment in accordance with the Modified Following Business Day Convention
Business Days:	Dublin, London, Paris
Fixed Rate Payer:	Issuer
Fixed Rate Payer Payment Dates:	4 February, 4 May, 4 August and 4 November in each year, from and including 4 February 2015 to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention
Fixed Rate:	1.8325% per cent. per annum
Fixed Rate Payer Day Count Fraction:	Actual/365 (Fixed)
Floating Rate Payer:	Swap Provider
Floating Rate Payer Payment Dates:	Each Fixed Rate Payer Payment Date
Floating Rate Option:	LIBOR as defined in the Conditions
Designated Maturity:	3 Months
Spread:	None
Floating Rate Payer Day Count Fraction:	Actual/365 (Fixed)
Compounding:	Inapplicable
Reset Dates:	The first day of each Calculation Period

The Swap Agreements may be terminated in accordance with certain termination events and events of default (each, a “**Swap Termination Event of Default**”), which include, among other things:

- (a) if a Note Acceleration Notice is served pursuant to Condition 9(a) (Events);
- (b) if the Notes are redeemed in full pursuant to Condition 5(b) (Mandatory Redemption from Prepayment Funds), Condition 5(c) (Optional Redemption for Tax or Other Reasons) or Condition 5(d) (Optional Redemption in Full) or otherwise;
- (c) at the option of one party to the Swap Agreement, if there is a failure by the other party to pay any amounts due and payable in accordance with the terms of the Swap Agreement and any applicable grace period has expired;
- (d) if any of the Issuer Pre-Acceleration Priority of Payments or the Issuer Post-Acceleration Priority of Payments is amended (in any case, other than in accordance with the Issuer Deed of Charge), such that the Issuer's obligations to the Swap Providers under the Swap Agreements are further contractually subordinated to the Issuer's obligations to any other Issuer Secured Creditor than they are as at the date of the Swap Agreements;
- (e) the Loan or part thereof in respect of which the Swap Transaction relates is repaid;
- (f) the Notes are redeemed otherwise than in accordance with the Conditions;
- (g) the Issuer disposes of the Loan and is no longer a lender in respect of the Loan;
- (h) upon a Bankruptcy Event of Default (as defined in the Swap Agreement) occurring with respect to a Swap Provider or certain insolvency events with respect to the Issuer (as set out in the Swap Agreement) or the merger of a Swap Provider with another entity without an assumption by the entity created by such merger of the obligations of that Swap Provider under the relevant Swap Agreement;
- (i) upon the occurrence of a Tax Event, Tax Event Upon Merger or an Illegality (as defined in the Swap Agreement);
- (j) if a Swap Provider is downgraded and fails to comply with the requirements of the ratings downgrade provisions contained in the relevant Swap Agreement;
- (k) if any provision of the Issuer Transaction Documents is amended without the consent of the Swap Providers when such consent should have been obtained and the effect of such amendment is that the amount, timing or priority of any payments or deliveries due from the Issuer to the Swap Providers is affected; and
- (l) if any provision of the Issuer Transaction Documents is amended without the consent of the Swap Providers when such consent should have been obtained and the effect of such amendment is that the Swap Providers are no longer an Issuer Secured Creditor.

If the Issuer is required to withhold or deduct an amount in respect of tax from payments due from it to the Swap Providers, the Issuer will not be required pursuant to the terms of the relevant Swap Agreement to pay the Swap Providers such amounts as would have been required to ensure that the Swap Providers received the same amounts that it would have received had such withholding or deduction not been made.

If either of the Swap Providers is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the relevant Swap Provider will be required pursuant to the terms of the relevant Swap Agreement (and subject to certain standard exclusions) to pay to the Issuer such additional amounts as are required to ensure that the Issuer receives the same amounts that it would have received had such withholding or deduction not been made.

If a Swap Transaction is terminated in whole or in part in accordance with the terms of the relevant Swap Agreement, either the relevant Swap Provider or the Issuer may be required to pay a Swap Termination Payment. Any Swap Termination Payment due by the Issuer to a Swap Provider will be made on a limited recourse basis. If any profit or gain arises as a result the termination of a Swap Transaction, such profit or gain will be applied towards either the purchase or replacement of the relevant Issuer Swap Agreement or applied in accordance with the amounts due under the relevant Issuer Priority of Payments, with any surplus being returned to the Borrower as a rebate in respect of Facility Fees.

If a Swap Transaction is terminated in accordance with the terms of the relevant Swap Agreement as a result of: (a) the occurrence of a Swap Termination Event of Default in respect of the relevant Swap Provider; or (b) the failure by the relevant Swap Provider to comply with the requirements under its Swap Agreement following a ratings downgrade (as more particularly set out in the Swap Agreement but summarised below) (any such event, a “**Swap Trigger**”) any payment due from the Issuer will constitute a Swap Subordinated Amount and will be paid, on a subordinated basis, in accordance with the applicable Issuer Priority of Payments.

In addition, if the Loan is prepaid in whole or in part, to the extent that the aggregate notional amount of the Swap Transactions is in excess of the amount of the outstanding balance of the Loan, the Swap Transactions will be partially terminated on a *pro rata* basis in an amount necessary to cause the aggregate notional amounts to be reduced to an amount equal to the outstanding principal amount of the Loan.

### **Consequences of a Rating Downgrade of the Swap Provider**

#### **Fitch Requirements**

For so long as the Notes are rated AAAsf by Fitch, if a Swap Provider (or its replacement) and any support provider under the swap credit support annex (the “**Swap Credit Support Annex**”) both fail to maintain a rating at least as high as ‘A’ (or its equivalent) for its long-term issuer default rating (“**IDR**”) and ‘F1’ (or its equivalent) for its short-term IDR by Fitch (the “**Swap Provider Fitch Required Rating**”) (an “**Initial Fitch Downgrade Event**”), the Swap Agreement will require the relevant Swap Provider, at its own cost and expense, either:

- (a) within 14 days of the occurrence of such Initial Fitch Downgrade Event, to post collateral in support of its obligations under the Swap Agreement in accordance with the Swap Credit Support Annex; and may
- (b) within 30 days of the occurrence of such Initial Fitch Downgrade Event:
  - (i) to transfer its rights and obligations under that Swap Agreement to a replacement third party with at least the Swap Provider Fitch Required Rating, subject to certain conditions, including that such replacement contracts with the Issuer on identical terms as to payment or delivery; or
  - (ii) to procure another person to become co-obligor or guarantor in respect of its obligations under that Swap Agreement with at least the Swap Provider Fitch Required Rating, provided that, in all cases, such action does not result in any requirement for deduction or withholding for or on account of any tax,

(such actions referred to in this paragraph (b), the “**Fitch Downgrade Remedial Actions**”). If the Swap Provider takes any Fitch Downgrade Remedial Actions, it will no longer be required to take the actions set out in paragraph (a) above.

Additionally, for so long as the Notes are rated AAA sf by Fitch, if that Swap Provider and any support provider under the Swap Credit Support Annex both fails to maintain a rating at least as high as “BBB-” (or its equivalent) for its long-term IDR and “F3” (or its equivalent) for its short-term IDR by Fitch

(each a “**Subsequent Fitch Rating Event**”) then the Swap Provider will be required, at its own cost and expense:

- (a) within 14 days of the occurrence of such Subsequent Fitch Rating Event, to post collateral in accordance with the terms of the Swap Credit Support Annex; and
- (b) to take any of the Fitch Downgrade Remedial Actions within 30 calendar days of the occurrence of such Subsequent Fitch Rating Event.

If the Swap Provider takes any Fitch Downgrade Remedial Actions, it will no longer be required to take the actions set out in paragraph (a) above. Failure by the Swap Provider to take measures described above following an Initial Fitch Downgrade Event or a Subsequent Fitch Rating Event will constitute an Additional Termination Event with respect to such Swap Provider under the relevant Swap Agreement.

### **DBRS Requirements**

The following provisions of this section will only apply if the relevant Swap Provider or the Credit Support Provider (as defined in the Swap Agreement) from time to time in respect of the Swap Provider becomes publicly rated by DBRS. As of the Closing Date, neither Swap Provider is rated by DBRS and there is no Credit Support Provider.

For so long as the Notes are rated AAA by DBRS, if at any time the long term issuer default rating of the Swap Provider (or its replacement) and any Credit Support Provider from time to time in respect of the Swap Provider ceases have at least the Minimum Rating (such initial rating downgrade an “**Initial DBRS Rating Event**”) the Swap Agreement will require the Swap Provider, at its own cost and within 30 Business Days of the occurrence of such downgrade:

- (a) to transfer collateral on the terms set out in the Swap Credit Support Annex; or
- (b) to the extent permitted by the relevant Swap Agreement, subject to certain conditions, to transfer all of its rights and obligations under the relevant Swap Agreement to an entity that could lawfully perform the obligations owing to the Issuer under the Swap Agreement and (a) whose long-term, unsecured and unsubordinated debt obligations are rated at least as high as "A" or, if such entity has no DBRS Rating, it has equivalent ratings by another rating agency; or (b) the obligations of such entity under that Swap Agreement are guaranteed by an entity whose long-term, unsecured and unsubordinated debt obligations are rated at least as high as "A" or, if such entity has no DBRS Rating, it has an equivalent rating by another rating agency; or (c) the long term IDR of such entity is rated at least as high as "A" by Fitch; or (d) the obligations of such entity under the Swap Agreement are guaranteed by an entity whose long term IDR is rated at least as high as "A" by Fitch (a “**First Threshold DBRS Compliant Entity**”); or
- (c) to procure a First Threshold DBRS Compliant Entity to provide a guarantee which complies with the “Derivative Criteria for European Structured Finance Transactions” published by DBRS in May 2013 and “Legal Criteria for European Structured Finance Transactions” published by DBRS in June 2013 or which DBRS has otherwise approved (a “**DBRS Compliant Guarantee**”) in respect of the obligations of the relevant Swap Provider under the relevant Swap Agreement; or
- (d) take such other action as will result in the rating of the Notes by DBRS following the taking of such action being maintained at, or restored to, the level at which it was immediately prior to such Initial DBRS Rating Event,

until the date on which the relevant Swap Provider, its replacement or the relevant Credit Support Provider has at least the Minimum Rating.

If the relevant Swap Provider satisfies any of the requirements described under (b) to (d) above, it will not be required to transfer any collateral in respect of the Initial DBRS Rating Event.

“**Minimum Rating**” means a rating assigned to the long-term, unsubordinated and unsecured debt obligations at least equal to “A” (or its equivalent) assigned by DBRS.

If at any time the long term issuer default rating of the Swap Provider (or its replacement) and any Credit Support Provider from time to time in respect of the Swap Provider ceases to be at least “BBB” (or its equivalent) by DBRS (a Subsequent DBRS Rating Event) the Swap Agreement will require the Swap Provider (at its own cost):

- (a) to post collateral on the terms set out in the Swap Credit Support Annex within 30 Business Days of the occurrence of such downgrade; or
- (b) use commercially reasonable efforts to, either;
  - (i) to the extent permitted by the relevant Swap Agreement, transfer all of its rights and obligations in respect of that Swap Agreement to a First Threshold DBRS Compliant Entity or, where the transferee is not a First Threshold DBRS Compliant Entity and collateral is transferred in accordance with the provisions of the Swap Credit Support Annex from the date of such transfer by the transferee; to an entity that could lawfully perform the obligations owing to the Issuer under the Swap Agreement and (a) whose long-term, unsecured and unsubordinated debt obligations are rated at least as high as “BBB” or, if such entity has no DBRS rating, it has equivalent ratings by another rating agency; or (b) the obligations of such entity under that Swap Agreement are guaranteed by an entity whose long-term, unsecured and unsubordinated debt obligations are rated at least as high as “BBB” or, if such entity has no DBRS rating, it has equivalent ratings by another rating agency; or (c) the long term IDR of such entity is rated at least as high as “BBB” by Fitch; or (d) the obligations of such entity under the Swap Agreement are guaranteed by an entity whose long term IDR is rated at least as high as “BBB” by Fitch; or
  - (ii) to procure a First Threshold DBRS Compliant Entity to provide a DBRS Compliant Guarantee in respect of the obligations of the Swap Provider in respect of the Swap Agreement; or
  - (iii) to take such other action as will result in the rating of the Notes by DBRS following the taking of such action being maintained at, or restored to, the level at which it was immediately prior to such Subsequent DBRS Rating Event, until the date on which the Swap Provider or its replacement is rated at least “BBB” by DBRS or its Credit Support Provider is rated at least “A” by DBRS (or equivalent ratings assigned by another rating agency).

If the relevant Swap Provider satisfies any of the requirements described under (i) to (iii) above, it will not be required to transfer additional collateral in respect of the Subsequent DBRS Rating Event.

Failure by the relevant Swap Provider to take measures described above following an Initial DBRS Rating Event or a Subsequent DBRS Rating Event will constitute an Additional Termination Event (as defined under that Swap Agreement) under that Swap Agreement.

The Issuer and each of the Swap Provider will enter into a collateral agreement in the form of a 1995 ISDA Credit Support Annex (Bilateral Form - Transfer) or in such other form acceptable as may be agreed on or prior to the Closing Date (each a “**Swap Credit Support Annex**”). The Swap Credit Support Annex will provide that, from time to time, subject to the conditions specified in the Swap Credit Support Annex, the Swap Providers will make transfers of collateral to the Issuer in support of their respective obligations under the relevant Swap Agreements and the Issuer will be obliged to return such collateral in accordance with the terms of the relevant Swap Credit Support Annex.

Collateral amounts that may be required to be posted by the Swap Providers pursuant to Swap Credit Support Annexes may be delivered in the form of cash or securities. Cash amounts will be paid into an account designated a “**Swap Collateral Cash Account**” and securities will be transferred to an account designated a “**Swap Collateral Custody Account**” which will be required to be opened if needed.

The Issuer has agreed to pay to the relevant Swap Provider the amount of any interest which the Issuer actually receives on any Swap Collateral transferred by such Swap Provider that is held in the relevant Swap Collateral Cash Account.

Swap Collateral shall be returned to the relevant Swap Provider pursuant to the terms of the Swap Credit Support Annex.

Each Swap Provider may, at its own discretion and its own expense, novate its rights and obligations under its Swap Agreement on the terms set out in that Swap Agreement. In addition, the Swap Provider may assign its rights in relation to any Swap Termination Payment which is due to it following the early termination of any Swap Transaction.

If a Swap Provider defaults in its obligations under its Swap Transaction, resulting in the termination thereof, the Issuer will be obliged to procure a replacement swap transaction within 30 days of such default unless the Rating Agencies confirm that no downgrade to the then current ratings of the Notes would occur as a result of that Swap Transaction being terminated.

The Issuer may apply Swap Termination Payments, received, if any, from a Swap Provider towards consideration for a suitably rated replacement swap provider entering into a suitable replacement swap agreement, where applicable or unless it is required to do otherwise.

Certain information relating to the Swap Transaction (including details of any Swap Termination Event of Default, changes to the credit ratings of a Swap Provider and any actions taken in consequence of changes to such credit ratings) will be provided to the Rating Agencies.

The Swap Agreements will be governed by English law.

## SERVICING ARRANGEMENTS FOR THE LOAN

### Introduction

Pursuant to the Servicing Agreement, the Issuer will appoint the Servicer and the Special Servicer to act as its agent and provide certain services in relation to the Loan and the Borrower Security.

The Issuer and the Borrower Security Trustee will delegate to the Servicer, and in certain circumstances, the Special Servicer, the exercise of all their rights, powers and discretions in relation to the Loan and the Borrower Security, other than, in the case of the Borrower Security Trustee, those which may only be exercised by the legal owner of the Borrower Security (which the Borrower Security Trustee will agree only to exercise in accordance with the instructions of the Servicer or, in certain circumstances, the Special Servicer) and if the Servicer (or the Special Servicer) is unable to provide such instructions, in accordance with the instructions of the Issuer and the Issuer Security Trustee. When exercising the rights, powers and discretions of the Issuer and the Borrower Security Trustee, the Servicer or, as the case may be, the Special Servicer, are required to act in accordance with, among other things, the terms of the Servicing Standard.

### Servicing of Loan

#### *Servicing Standard*

Each of the Servicer and the Special Servicer is required to perform its duties on behalf of and for the benefit of the Issuer and the Borrower Security Trustee in accordance with and subject to, the following (the “**Servicing Standard**”):

- (a) all applicable laws and regulations;
- (b) the terms of the Borrower Finance Documents
- (c) the terms of the Servicing Agreement, and
- (d) in each case and to the extent consistent with such terms, the higher of:
  - (i) the same manner and with the same skill, care and diligence it applies to servicing similar loans for other third parties; or
  - (ii) the standard of care, skill and diligence which it applies in servicing commercial mortgage loans for other third parties,

in each case giving due consideration to customary and usual standards of practice of reasonably prudent commercial mortgage loan servicers servicing commercial mortgage loans which are similar to the Loan with a view to the timely collection of all scheduled payments of interest and other amounts due in respect of the Loan and Borrower Security and, if the Loan comes into and continues in default, achieving the maximising recoveries in respect of the Loan on a present value basis on or before the Final Maturity Date of the Notes for the Issuer.

The Servicer and the Special Servicer are required to adhere to the Servicing Standard without regard to any fees or other compensation to which they are entitled, any relationship they or any of their affiliates may have with any party to the transactions entered into in connection with the issue of the Notes or with the Borrower or any affiliate of the Borrower or the ownership of any Note or any interest in the Loan by the Servicer or Special Servicer or any affiliate thereof.

#### *Rights of Delegation*

The Servicer and the Special Servicer may, in certain circumstances, without the consent of any other person (including, without limitation, the Issuer), sub-contract or delegate certain of their respective obligations under the Servicing Agreement. The appointment of any sub-servicer shall not be permitted

if it causes the Issuer or the Issuer Security Trustee to become subject to any tax and the fees, costs, charges and expenses of any such sub-contractor shall be borne by the Servicer or Special Servicer, as applicable, subject to certain costs and expenses of advisers being reimbursed by the Issuer. Notwithstanding any sub-contracting or delegation of the performance of any of its obligations under the Servicing Agreement, the Servicer or the Special Servicer, as the case may be, will not be released or discharged from any liability thereunder and will remain responsible for the performance of its obligations under the Servicing Agreement by any subcontractor or delegate.

#### *Inspections*

Subject to any constraint imposed by law, the Servicer or, if the Loan is a Specially Serviced Loan, the Special Servicer is required to undertake an annual review (the “**Annual Review**”) in respect of the Property and the Loan in accordance with the Servicing Standard. The cost of such Annual Review and any other review will be an expense of the Issuer.

In addition, the Special Servicer will be required to inspect or cause to be inspected the Property promptly following the occurrence of a Special Servicer Transfer Event. The Servicer or Special Servicer, as applicable, will be required to further inspect, or cause to be inspected, the Property whenever the Servicer or Special Servicer, as applicable, becomes aware that the Property has been materially damaged, left vacant, or abandoned, or if waste is being committed there.

The Servicer or, as the case may be, the Special Servicer, is authorised to conduct this review process more frequently, at the expense of the Issuer, if the Servicer or, as the case may be, the Special Servicer, acting in accordance with the Servicing Standard, has cause for concern as to the ability of the Borrower to meet its financial obligations under the Issuer/Borrower Facility Agreement. Such a review (annual or otherwise) may include an inspection of the Property and will include consideration of the quality of the cash flow arising from the Property.

#### *Waiver of Financial Covenant Breach*

For as long as the Loan is not a Specially Serviced Loan, the Servicer (but, for the avoidance of any doubt, not the Special Servicer) will decide subject to the Servicing Standard whether or not to waive any breach of either the covenants relating to the Loan to Value Ratio or the Interest Cover Ratio by the Borrower or any Obligor within 60 days of becoming aware of the same and after expiry of all applicable grace periods. If the Servicer decides to waive any such breach of a financial covenant, it will convene an information meeting of the Noteholders subject to, and in accordance with, the Note Trust Deed no later than 30 days after the date on which it grants such waiver. The sole purpose of such meeting of Noteholders will be for the Servicer to present to the Noteholders the facts and circumstances of such breach and its reasons for granting such waiver and for the Noteholders to raise any questions they may have on the same. In no event will the Servicer be bound to take account of any views or follow any directions expressed or given by Noteholders at such meeting in relation to such breach or waiver. For the avoidance of doubt, these requirements will not apply if the Loan is a Specially Serviced Loan.

#### *Special Servicer Transfer Event*

The Servicer will have the sole responsibility to service and administer the Loan prior to the occurrence of a Special Servicer Transfer Event.

The Loan will become subject to a “**Special Servicer Transfer Event**” if any of the following occurs:

- (a) a payment default on the Loan Maturity Date (if not extended);
- (b) any payment by the Borrower under the Issuer/Borrower Facility Agreement being more than 45 days overdue;
- (c) the Borrower becoming the subject of insolvency proceedings or certain other insolvency-related events pursuant to the Issuer/Borrower Facility Agreement;

- (d) the Servicer or the Special Servicer, as the case may be, receiving a notice of the enforcement or realisation of any security for the Loan or
- (e) any other Loan Event of Default occurs, which is not cured within the applicable cure period, or, which in the opinion of the Servicer, exercised in accordance with the Servicing Standard, is imminent and not likely to be cured within 30 days, and would be likely to have a material adverse effect upon the interests of the Issuer.

Promptly after the determination that a Special Servicer Transfer Event has occurred (but subject to the expiry of any applicable cure period), the Servicer will notify the Special Servicer, the Issuer, the Issuer Security Trustee, the Issuer Cash Manager and the Note Trustee of such determination. The Issuer will be required, within five days after receipt of that notice, to provide a copy of the notice to the Operating Adviser (if appointed) or the Ad Hoc Noteholder Committee (if appointed), the Noteholders (in accordance with Condition 16 (*Notice to and Communication between Noteholders*)) and the Rating Agencies.

Upon determining that a Special Servicer Transfer Event has occurred, (provided that in case of conflict as to whether a Special Servicer Transfer Event has occurred, the opinion of the Servicer will prevail) the Special Servicer will formally assume special servicing duties in respect of the Loan and the Loan will become a “**Specially Serviced Loan**”. Servicing of the Loan if it has become a Specially Serviced Loan will be retransferred to the Servicer and it will become a “**Corrected Loan**” upon the discontinuance of any event which would constitute a monetary Special Servicer Transfer Event for two consecutive Loan Interest Periods and the facts giving rise to any other Special Servicer Transfer Event have ceased to exist and no other matter exists which would give rise to the Loan becoming a Specially Serviced Loan.

Notwithstanding the appointment of the Special Servicer, the Servicer will be required to continue to collect information and prepare all reports required to be collected or prepared by it under the Servicing Agreement (subject to receipt by it of the required information from the Special Servicer) pursuant to the performance of its duties under the Servicing Agreement and to perform certain other day-to-day administrative functions. Neither the Servicer nor the Special Servicer will have responsibility for the performance by the other of its obligations and duties under the Servicing Agreement.

### **Asset Status Report**

Pursuant to the Servicing Agreement, if a Special Servicer Transfer Event occurs the Special Servicer will be required to prepare an asset status report (an “**Asset Status Report**”) with respect to the Loan and the Property within 60 days after the occurrence of such Special Servicer Transfer Event. The Special Servicer will be required to consult with the Operating Adviser (or, if applicable, an Ad Hoc Noteholder Committee) in connection with its preparation of the Asset Status Report.

The Servicing Agreement will provide that the Asset Status Report should contain among other things:

- (a) a description of the status of the Loan and the Property, any strategy with respect to the same and any negotiations with the Borrower or other Obligor;
- (b) a consideration of the effect on net present value of various courses of action with respect to the Loan, including without limitation, work-out of the Loan or realisation of the Borrower Security; and
- (c) a summary of the Special Servicer’s recommended actions and strategies (the disclosure of which shall be subject to the Servicing Standard), which will be the course of action that the Special Servicer has determined would maximise recovery on the Loan on a net present value basis.

The Special Servicer will deliver a copy of such Asset Status Report to the Rating Agencies and the Servicer. The Special Servicer will also be required to deliver to the Issuer and the Note Trustee a proposed notice to the Noteholders that will include a summary of the current Asset Status Report

(which will be a brief summary of the current status of the Property and current strategy with respect to the Loan, with information redacted if and to the extent the Special Servicer determines, in its reasonable discretion, it may compromise the position of the Issuer, as Lender, such as information that might compromise any ongoing discussions and negotiations with the Obligors), and the Issuer will be required to publish such summary in accordance with Condition 16 (*Notice and Communication between Noteholders*). The Special Servicer may, from time to time, modify any Asset Status Report it has previously delivered and shall deliver the modified Asset Status Report to the Rating Agencies and the Servicer and will deliver a revised summary of the same to the Issuer and the Note Trustee, which the Issuer will be required to post in accordance with Condition 16 (*Notice and Communication between Noteholders*).

The Special Servicer may implement the actions described in the most recent Asset Status Report if it is of the view that the value of the Loan or the Borrower Security may be compromised by a delay in implementation and, in such circumstances, the Special Servicer is not required to seek the approvals or consents described in this section.

### **Insurance**

The Servicer (for so long as the Loan is not a Specially Serviced Loan) and the Special Servicer (for so long as the Loan is a Specially Serviced Loan) will, on behalf of the Borrower Security Trustee and the Issuer, administer the procedures for monitoring compliance by the Borrower and the other Obligors for the maintenance of insurance in respect of, or in connection with, the Loan and the Borrower Security. The Servicer or the Special Servicer, as applicable, are required to use reasonable efforts consistent with the Servicing Standard to monitor the compliance of, and to the extent reasonably practicable, to cause the Borrower and the other Obligors to comply with, the requirements of the Borrower Finance Documents regarding the maintenance of insurance on the Property.

If the Servicer (for as long as a Loan is not a Specially Serviced Loan) or the Special Servicer (for as long as a Loan is a Specially Serviced Loan), becomes aware that either: (a) the Property is not covered by a buildings insurance policy; or (b) a buildings insurance policy may lapse in relation to the Property due to the non-payment of any premium, the Servicer or the Special Servicer, as applicable, is required, pursuant to the terms of the Servicing Agreement, to use reasonable efforts, subject always to all applicable laws and regulations and consistent with the Servicing Standard to procure that buildings insurance is maintained for the Property in the form required under the related Borrower Finance Documents. If the Borrower does not comply with its obligations in respect of any insurance policy, the Borrower Security Trustee (or the Servicer or Special Servicer on its behalf) may (without any obligation to do so) renew any such insurance policy on behalf of the Borrower Security Trustee (and not in any way for the benefit of the Borrower) and use available funds in the Control Accounts to fund such renewal. See also “*Risk Factors-The Property-Risks Relating to Insurance on the Property*”.

### **Swap Arrangements**

The Servicer will perform certain other duties in respect of any hedging arrangement entered into by the Issuer.

### **Power to Raise Funds**

Each of the Servicer and the Special Servicer, as applicable, will be allowed to raise funds on behalf of the Issuer from third parties, and cause such funds and the cost of such funds to be reimbursed in priority to the Notes, in order to fund expenses relating to preserving the rights and interest of the Issuer, as lender, with respect to its interest in the Loan and the Borrower Security provided the Issuer is unable to fund such expenses by drawing on the Liquidity Facility. Such right to raise funds includes any rights of the Issuer, as Lender, to authorise any administrator of the Borrower and the other Obligor to raise funds in order to preserve the value or permit the continued operation of the Property.

In determining whether to cause any such funds to be raised, the Servicer or the Special Servicer, as applicable, must determine that:

- (a) raising such amounts would be consistent with the Servicing Standard; and
- (b) it would be in the better interest of the Issuer, as lender, that such amounts were raised as opposed to such amounts not being raised, taking into account the relevant circumstances, which will include, but not be limited to, the related risks that the Issuer would be exposed to if such amounts were not raised and whether any such amounts would ultimately be recoverable from the Security Group.

**Property Protection Advances and Property Protection Drawings**

Pursuant to the Issuer/Borrower Facility Agreement (and the documents referred to therein) the Borrower and the other Obligor will be required to pay or procure the payment of certain amounts to third parties, such as insurers and persons providing services in connection with the operation of the Property.

If:

- (a) the Borrower and the other Obligor fails to pay any such amount (and funds in the Control Accounts are not available to pay for it); and
- (b) the Servicer or, as the case may be, the Special Servicer, determines in accordance with the Servicing Standard that it would be in the better interest of the Issuer, as lender, that such amounts were paid as opposed to such amounts not being paid, taking into account the relevant circumstances, which will include, but not be limited to, the related risks that the Issuer would be exposed to if such amounts were not paid and whether any payments made by or on behalf of the Issuer would ultimately be recoverable from the Security Group,

then the Servicer or Special Servicer may make or procure the making of a Property Protection Advance by directing the Issuer Cash Manager to request a Property Protection Drawing under the Liquidity Facility Agreements.

**Modifications, Waivers and Consents**

The Servicer or the Special Servicer (as applicable) shall respond to or otherwise consider requests by the Borrower or any other relevant entity for consents, modifications or waivers relating to the Borrower Finance Documents. Subject to the provisions relating to the Operating Adviser and the Ad Hoc Noteholder Committee described in this Prospectus and the provisions of the Servicing Agreement, the Servicer or, if the Loan is a Specially Serviced Loan, the Special Servicer is authorised, on behalf of the Issuer and the Borrower Security Trustee, to grant any waiver or consent to any modification to the Borrower Finance Documents as it shall determine is consistent with its rights of obligations. If the Servicer or Special Servicer (as applicable) is not able to perform its duties under the Servicing Agreement, the Borrower Security Trustee will perform such role pursuant to directions of the Issuer or the Issuer Security Trustee.

In no event may the Servicer or the Special Servicer:

- (a) amend the Loan Maturity Date, although this shall not limit the right of the Servicer, or the Special Servicer, as applicable, to enter into a standstill agreement;
- (b) reduce the interest rate on the Loan at any time prior to the original Loan Maturity Date; and
- (c) reduce the interest rate on the Loan at any time after the original Loan Maturity Date if such reduced interest rate would result in a loan interest rate less than the net weighted average coupon on the Notes that remain outstanding

without first obtaining consent of the Noteholders pursuant to an Extraordinary Resolution.

Any modification contemplated by or any modification to paragraph (a), (b) or (c) above shall be deemed to be a Basic Terms Modification.

The Servicer or the Special Servicer, as applicable, will be required to notify the Note Trustee, the Issuer Security Trustee, the Issuer, the Issuer Cash Manager, the Borrower Security Trustee, the Noteholders, the Operating Adviser (if appointed) or the Ad Hoc Noteholder Committee (if appointed) and the Rating Agencies, in writing, of any consent, modification, extension, waiver or amendment of any term of the Loan and the date of the modification.

#### **Ad Hoc Noteholder Committee**

The Servicer or the Special Servicer, as applicable, may (but will not be obliged to) form a committee of Noteholders (each such committee, an “**Ad Hoc Noteholder Committee**”), provided that the formation of such a committee would be consistent with the Servicing Standard, in order to allow the Servicer and/or Special Servicer, as applicable, to consult with Noteholders for matters such as modifications, waivers and consents relating to the Borrower Finance Documents. The costs of such Ad Hoc Noteholder Committee will be borne by the Issuer. The costs relating to any such Ad Hoc Noteholder Committee will be fully disclosed to Noteholders by the Servicer in the Servicer Quarterly Reports. The Servicer or Special Servicer, as applicable, may require the members of the Ad Hoc Noteholder Committee to enter into appropriate confidentiality arrangements where required by law or the Servicing Standard.

The Servicer or Special Servicer, as applicable, may agree, on behalf of the Issuer, to compensate the advisers to any Ad Hoc Noteholder Committee subject to the following requirements:

- (a) the Servicer or Special Servicer, as applicable, having determined, in its reasonable judgment, that it would be beneficial to engage directly with the Noteholders in connection with any potential modification, waiver or consent relating to the Loan;
- (b) the Noteholders having requested that the Servicer or Special Servicer, as applicable, cause the Issuer to compensate its advisers for their reasonable fees;
- (c) the Servicer or Special Servicer having determined that causing the Issuer to compensate the advisers to the Noteholders would be consistent with the Servicing Standard;
- (d) the Noteholders comprising the Ad Hoc Noteholder Committee having provided evidence to the Servicer or Special Servicer, as applicable, that its advisers were selected as a result of a competitive bid process from at least three potential advisers, with the selected adviser providing the lowest bid;
- (e) the Servicer or Special Servicer, as applicable, being satisfied that members of the Ad Hoc Noteholder Committee represent at least 50 per cent. of all the Notes based upon the Principal Amount Outstanding of the Notes then outstanding;
- (f) upon a vote of the Ad Hoc Noteholder Committee conducted by the Servicer or the Special Servicer, as applicable, 66⅔ per cent. of Noteholders by Principal Amount Outstanding having approved the resolution to pay expenses; and
- (g) such proposal to approve expenses presented for vote to the Ad Hoc Noteholder Committee providing for no more than one legal adviser and one financial adviser for the Ad Hoc Noteholder Committee.

#### **Ad Hoc Noteholder Committee and Operating Adviser**

If an Ad Hoc Noteholder Committee has not been formed but an Operating Adviser has been appointed by the Noteholders, the Servicer or the Special Servicer (as applicable) will liaise with the Operating Adviser in respect of any consent, modification or waiver of the Borrower Finance Documents. An Ad Hoc Noteholder Committee and an Operating Adviser may not co-exist.

## **Operating Adviser**

The Noteholders may, acting by Ordinary Resolution, in accordance with Condition 13(j) (*Meetings of Noteholders, Modification and Waiver and Substitution – Operating Adviser*) appoint an Operating Adviser to represent the interests of all Noteholders when the Servicer is making decisions about the Borrower Finance Documents.

Any Operating Adviser shall unless instructed to the contrary in writing by the majority of Noteholders, be entitled in its sole discretion to exercise all of the rights conferred on it by the Servicing Agreement.

Prior to taking or consenting to certain actions with respect to the Loan, the Servicer or, as applicable, the Special Servicer shall be required, among other things, to notify the Operating Adviser (or, if applicable, the Ad Hoc Noteholder Committee). Following such notification, the Servicer or, as the case may be, the Special Servicer shall consult with the Operating Adviser (or, if applicable, the Ad Hoc Noteholder Committee). If the Operating Adviser (or, if applicable, the Ad Hoc Noteholder Committee) has not confirmed in writing within a prescribed period whether it agrees or disagrees with the proposed course of action, the Operating Adviser (or, if applicable, the Ad Hoc Noteholder Committee) will be deemed to have agreed to the proposed course of action, save that no modification contemplated to any of items (a) to (c) described above under the heading “*Modifications, Waivers and Consents*” may be implemented except by way of Extraordinary Resolution.

## **Enforcement of Borrower Security**

Under the Servicing Agreement, the Servicer or the Special Servicer (as applicable) is authorised by the Issuer, the Borrower Security Trustee and the Issuer Security Trustee to determine, in accordance with the Servicing Standard, the best strategy for exercising the rights, powers and discretions of the Issuer and the Borrower Security Trustee and the taking of enforcement action following a Loan Event of Default (subject to the obligation of the Borrower Security Trustee to appoint an administrative receiver where possible (see “*Risk Factors - Certain parts of the Property are held in Limited Partnerships, in respect of which an Administrative Receiver cannot be appointed*”) in respect of an Obligor if the Borrower Security Trustee has actual notice of (i) an application for the appointment of an administrator in respect of the Obligor; or (ii) the giving of a notice of intention to appoint an administrator in respect of the Obligor. If the Servicer or Special Servicer (as applicable) is not able to perform its duties under the Servicing Agreement, the Note Trustee may at its discretion and, without notice, direct the Issuer Security Trustee to direct the Borrower Security Trustee to take such steps as it may think fit to enforce the Borrower Security.

## **Servicing Fee, Special Servicing Fee, Liquidation Fee and Workout Fee**

On each Note Payment Date, the Servicer will be entitled to be paid a fee (the “**Servicing Fee**”) in the amount of £34,250 (plus VAT, if applicable). Following any termination of the Servicer's appointment as Servicer, the Servicing Fee will be paid to any substitute servicer appointed; provided that the Servicing Fee may be payable to any substitute servicer at a higher rate agreed in writing by the Issuer (but which does not exceed the rate then commonly charged by providers of loan servicing services in relation to commercial properties).

In addition to the payment of a Servicing Fee, the Servicer will be entitled to receive a modification fee (the “**Servicer's Modification Fee**”) as remuneration for any action taken by the Servicer in respect of any modification, waiver or consent with respect to the Loan prior to the occurrence of a Special Servicer Transfer Event, in an amount that it negotiates with the Borrower or any of the other Obligors provided that:

- (a) its receipt of such fee would be consistent with the Servicing Standard;
- (b) such fee can be recovered from the Borrower or any of the other Obligors (or from proceeds/collections from the Property based on the current valuation and the Servicer's

estimate of income on the Property) without resulting in any shortfall in other amounts due under the terms of the Loan; and

- (c) the payment of such fee would not result in any shortfall in current interest due on the Loan on its original terms (other than as a result of any reduction in the interest applicable to the Loan that is effected pursuant to the relevant modification, waiver or consent).

To the extent that the Servicer's Modification Fee takes the form of an ongoing or future payment from proceeds of the Property, the resulting workout or other modification, waiver or consent with respect to the Loan must achieve the following:

- (a) all excess cash-flow from the Property (after payment of all amounts due on any quarterly payment date, including any amounts of Servicer's Modification Fee that is payable) must be applied toward all outstanding principal on the Loan;
- (b) all interest on the Loan is paid current and at its original specified rate (or at a modified rate that meets the requirements of the Servicing Agreement);
- (c) the effective per annum rate of the Servicer's Modification Fee (by reference to the outstanding principal balance of the Loan) is less than the Special Servicing Fee; and
- (d) the Servicer's Modification Fee is paid in addition to amounts of interest due and payable under the Loan.

On each Note Payment Date, the Special Servicer will be entitled to be paid by the Issuer:

- (a) a fee (a "**Special Servicing Fee**") equal to 0.10 per cent. per annum (plus VAT, if applicable) of the outstanding principal amount of the Loan for each day the Loan is designated as a Specially Serviced Loan. The Special Servicing Fee will be paid in addition to the Servicing Fee. The Special Servicing Fee will accrue on a daily basis over such period and will be payable on each Note Payment Date commencing with the Note Payment Date immediately following the date on which such period begins and ending on the Note Payment Date immediately following the end of such period;
- (b) a liquidation fee (the "**Liquidation Fee**") equal to 0.40 per cent. of the proceeds of sale, net of costs and expenses of sale, if any, arising from the sale of the Loan or any direct or indirect interest in the Borrower or, any part of the Property, provided that, in the case of a sale of any part of the Property, the Special Servicer had a material role in the sale (whether directly or indirectly) including through the appointment of an administrator or receiver, following the enforcement of the security (or deed in lieu thereof) in respect of the Loan (plus VAT, if applicable) which sale shall include a sale made pursuant to any solvent liquidation process that results from a consensual arrangement between the Borrower and the Servicer, or, as applicable, the Special Servicer (such proceeds, "**Liquidation Proceeds**") which will be payable in accordance with the terms of the Servicing Agreement. No Liquidation Fee will be payable in respect of Liquidation Proceeds if (i) the Loan was a Specially Serviced Loan for a period of fewer than 30 days or (ii) the Loan or the Borrower or any part of the Property (whether directly or indirectly) is sold to an affiliate of the Special Servicer. The Liquidation Fee will be payable in priority to the Notes on the Note Payment Date following the receipt of Liquidation Proceeds; and
- (c) a workout fee (the "**Workout Fee**") payable to the Special Servicer, if the Loan which was a Specially Serviced Loan subsequently becomes a Corrected Loan. The Workout Fee will be an amount equal to 0.40 per cent. of each collection of interest and principal received on the Loan for so long as it remains a Corrected Loan (plus VAT, if applicable). No Workout Fee will be payable if the Special Servicer Transfer Event which gave rise to the Loan becoming a Specially Serviced Loan ceased to exist within 30 days of it becoming a Specially Serviced Loan and no other Special Servicer Transfer Event occurred while the Loan remained a Specially Serviced Loan.

The Servicing Fee and the Special Servicing Fee will cease to be payable in relation to the Loan if any of the following events (each, a “**Liquidation Event**”) occurs:

- (a) the Loan is repaid in full; or
- (b) a Final Recovery Determination is made with respect to the Loan.

“**Final Recovery Determination**” means, in relation to the Loan, a determination by the Special Servicer, acting in accordance with the Servicing Standard, that there has been a recovery of all principal as a result of enforcement procedures undertaken in respect of the Loan and other payments or recoveries that, in the Special Servicer's judgment, will ultimately be recoverable with respect to the Loan, such judgment to be exercised in accordance with the Servicing Standard.

### **Liquidation Fee payable to Replaced Special Servicer**

If the appointment of the person acting as the Special Servicer (the “**Replaced Special Servicer**”) is terminated pursuant to the Servicing Agreement, the Replaced Special Servicer will be entitled to the following percentage of the Liquidation Fee that would have been due to the Replaced Special Servicer on the relevant Note Payment Date if its appointment had not been terminated (the “**Relevant Liquidation Fee**”) and the Liquidation Fee due to the replacement Special Servicer will be reduced by a corresponding amount:

- (a) 75 per cent. of the Relevant Liquidation Fee if the Liquidation Proceeds are realised within three months after the termination of the Replaced Special Servicer's appointment; or
- (b) 50 per cent. of the Relevant Liquidation Fee if the Liquidation Proceeds are realised more than three months but less than six months after the termination of the Replaced Special Servicer's appointment; or
- (c) 25 per cent. of the Relevant Liquidation Fee if the Liquidation Proceeds are realised more than six months but less than nine months after the termination of the Replaced Special Servicer's appointment; or
- (d) 0 per cent. of the Relevant Liquidation Fee if the Liquidation Proceeds are realised more than nine months after the termination of the Replaced Special Servicer's appointment,

provided, in each case, the appointment of the Replaced Special Servicer was not terminated pursuant to the occurrence of a Special Servicer Termination Event and, prior to the termination of its appointment, the Replaced Special Servicer had: (i) complied with all requirements under this Agreement in relation to the preparation of the Asset Status Report, and the Note Maturity Plan (as applicable) and (ii) commenced negotiations (including, without limitation, the delivery of a draft sale and purchase agreement to the relevant person) with the purchaser that subsequently completed the acquisition of any Loan, the Property or the Obligors resulting in the realisation of the relevant Liquidation Proceeds.

If there is any conflict between the opinion of the Special Servicer and the Replaced Special Servicer regarding the entitlement of the Replaced Special Servicer to a percentage of the Relevant Liquidation Fee, the Servicer shall determine the Replaced Special Servicer's entitlement thereto acting reasonably. The Special Servicer and the Replaced Special Servicer shall provide such information and evidence as the Servicer may reasonably require in relation to such determination. The determination of the Servicer will be final and the Servicer not will be liable to any person for the accuracy of such determination.

### **Servicing Expenses**

Each of the Servicer and the Special Servicer is permitted to appoint advisers, provided that the appointment of such adviser is in accordance with the Servicing Standard and that upon appointing any such adviser it does the following:

- (a) notify investors in the next following Servicer Quarterly Report as to the appointment of the adviser; and
- (b) provide information in such investor report as to why such adviser has been appointed,

provided that the Servicer and Special Servicer will not be required to provide any details relating to the appointment of such adviser if, in its reasonable judgment, it believes that such disclosure could compromise the strategic position of the Issuer as lender of the Loan.

On each Note Payment Date, the Servicer and the Special Servicer will be entitled to be reimbursed (with interest thereon) in respect of out-of-pocket costs, expenses and charges properly incurred by them in the performance of their servicing obligations. Such costs and expenses are payable by the Issuer (subject to the Issuer Priority of Payments) on the Note Payment Date following the Loan Interest Period during which they are incurred by the Servicer or Special Servicer and without prejudice to any other rights to payment or, in the case of fees and expenses which are paid directly by the Borrower immediately on the date which such fees and expenses are collected from the Borrower.

### **Liability of Servicer and Special Servicer**

Neither the Servicer nor the Special Servicer will be responsible for any loss or liability to the Issuer other than those losses caused by its negligence, fraud or wilful misconduct. Neither the Servicer nor the Special Servicer will be responsible for any losses, costs or damages if it takes any action in reliance of advice received from any adviser, provided that the Servicer or the Special Servicer, as applicable, was not fraudulent or negligent in its selection of such adviser and provided further that having made reasonable enquiries as to the same it received confirmation from such adviser that there was not any conflict of interest that such adviser might have with respect to the advice being provided where such conflict of interest was a likely source of the loss to the Issuer.

### **Reporting**

#### *Quarterly Reporting*

The Servicer will deliver to the Issuer Cash Manager and the Special Servicer, no later than three Business Days prior to the Determination Date, a report in respect of the Loan, setting forth, among other things, quarterly payments actually received on the Loan as well as both scheduled and unscheduled payments actually received on the Loan.

Subject to any limitation imposed by local law or any confidentiality agreement, the Servicer has also agreed to deliver to the Issuer, the Issuer Cash Manager, the Special Servicer and the Rating Agencies for each Loan Interest Period (provided that, with respect to the CMSA E-IRP Loan Setup File, the Servicer will, in addition, provide such information no later than the third Business Day prior to the Determination Date) and the Issuer Security Trustee following a Loan Event of Default, the following reports with respect to the Loan, each of which will provide the required information in respect of the Loan Interest Period immediately preceding the immediately ended Loan Interest Period (in the case of item (a) below and information fields based on information provided by the Borrower) or in respect of the immediately ended Loan Interest Period (in the case of the other items listed below) in each case based on information provided by the Special Servicer if the Loan is a Specially Serviced Loan the following reports:

- (a) “**CMSA E-IRP Loan Setup File**” setting forth, among other things, the majority of loan-level information including, interest rate, maturity date and general payment information, as well as financial data;
- (b) “**CMSA E-IRP Loan Periodic Update File**” setting forth, among other things, quarterly remittances on the Loan as well as the tracking of both scheduled and unscheduled payments on the Loan;

- (c) “**CMSA E-IRP Property File**” setting forth, among other things, information regarding the Property including, property name, address and identification number; and
- (d) “**CMSA E-IRP Servicer Watchlist Criteria and Servicer Watchlist File**” setting forth, among other things, details of any event that would cause the Loan to be included on the servicer watchlist.

The reports identified above (together, the “**CMSA European Investor Reporting Package**”) will be in the form prescribed in the standard European Investor Reporting Package published by the Commercial Real Estate Finance Council Europe from time to time (formally and commonly known as the CMSA - Europe Investor Reporting Package (CMSA-Europe E-IRP) (or as modified to take into account any changes for properties located in the United Kingdom).

In addition to the CMSA European Investor Reporting Package, the Servicer will report additional information on the Loan no later than three Business Days prior to each Determination Date, including the Loan to Value Ratio covenant and the Interest Covenant Ratio covenant compliance of the Loan, calculated in accordance with the methodologies for determining compliance with the related covenant under the Issuer/Borrower Facility Agreement.

Such additional information provided by the Servicer may be modified from time to time in the Servicer's sole discretion.

The Servicer will provide, in respect of each Loan Interest Period, a report based, where necessary, on information provided to the Servicer by the Special Servicer, with the following information regarding the Loan and the properties in relation to the immediately preceding Loan Interest Period:

- (a) a report setting forth the information provided by the Borrower pursuant to the information covenants contained in the Issuer/Borrower Facility Agreement; and
- (b) a report setting forth, among other things, general information in relation to the Loan including maturity date and general payment information, as well as financial data,

such reports, together with the CMSA European Investor Reporting Packages the “**Servicer Quarterly Report**”.

The Servicer Quarterly Report will be made publicly available by the Servicer at <http://www.capitaassetsservices.ie/Investor-relations.aspx> which internet website does not form part of this Prospectus.

#### *Other Reporting*

The Servicer will deliver to the Issuer, the Issuer Cash Manager, the Special Servicer and the Issuer Security Trustee the following reports:

- (a) on the Loan Interest Payment Date immediately following a modification of the Loan, a report setting forth the revised terms of the Loan (i), as of such Loan Interest Payment Date; (ii) if applicable, compared against the terms as at the relevant Loan Interest Payment Date upon which modifications were last made; and (iii) compared against the original terms as at the Closing Date; and
- (b) on the Loan Interest Payment Date immediately following a liquidation of the Loan, a report setting forth, among other things, the amount of Liquidation Proceeds and liquidation expenses in connection with the liquidation of the Loan.

The Servicer's ability to provide the reports referred to above may, in the case of a Specially Serviced Loan, depend on the timely receipt of the necessary information from the Special Servicer.

For so long as the Notes are admitted to trading on the regulated market of the Irish Stock Exchange, if the Servicer comes into possession of any information as a result of performing its duties under the Servicing Agreement which amounts to price sensitive information relating to the Notes, the Servicer shall, if it determines in accordance with the provisions of the Market Abuse Directive and the Servicing Agreement to disclose the same, promptly notify the Issuer and the Issuer Cash Manager of such information and the Issuer shall procure that such information is notified without delay in accordance with Condition 16 (*Notice to and Communication between Noteholders*)

### **Termination of Appointment of the Servicer or Special Servicer**

#### *Termination for Cause of the Appointment of the Servicer or Special Servicer*

The following constitute Servicer or Special Servicer, as applicable, termination events under the Servicing Agreement (each, a “**Servicer Termination Event**” or “**Special Servicer Termination Event**”, as applicable):

- (a) any failure by the Servicer or Special Servicer to remit any payment required to be made or remitted by it when required to be remitted under the terms of the Servicing Agreement by 11:00 a.m., London time, on the first Business Day following the date on which such remittance was required to be made;
- (b) any failure by the Servicer or Special Servicer to observe or perform in any material respect any other of its covenants or agreements or the material breach of its representations or warranties under the Servicing Agreement, which failure will continue unremedied for a period of 30 days after the date on which written notice of such failure is given to the Servicer or Special Servicer, as applicable, by the Issuer Security Trustee or by the Servicer to the Special Servicer, as applicable; provided, however, that with respect to any such failure that is not curable within such 30 day period, the Servicer or the Special Servicer, as applicable, will have an additional cure period of 30 days to effect such cure so long as it has commenced to cure such failure within the initial 30 day period and has provided the Issuer Security Trustee with an officer's certificate certifying that it has diligently pursued, and is continuing to diligently pursue, such cure;
- (c) subject to certain limited exceptions, an order is made or an effective resolution is passed for the winding up of the Servicer or the Special Servicer or certain other insolvency events occur in respect of the Servicer or Special Servicer;
- (d) subject to certain limited exceptions, the Servicer or the Special Servicer ceases to own (i) the whole of its business or (ii) the whole or substantially the whole of its commercial mortgage servicing business;
- (e) it becomes unlawful for the Servicer or the Special Servicer to perform any material part of the services except in circumstances where no other person could perform such material part of the services lawfully; or
- (f) the Servicer or Special Servicer paying any part of its remuneration under the Servicing Agreement to any Noteholder in connection with securing its appointment as such.

Upon the occurrence of any Servicer Termination Event or Special Servicer Termination Event, the Issuer upon receiving a written notice from a responsible officer of the Note Trustee who has actual knowledge of the same, will post notice of the same on the appropriate RIS as required by the relevant exchange where the Notes are then currently listed.

#### *Termination Without Cause of the Appointment of the Servicer*

The Noteholders may at any time in their absolute discretion and for any reason or no reason, by way of Extraordinary Resolution, direct the Issuer to require the Servicer to resign from its appointment as Servicer (but, for the avoidance of any doubt, not the Special Servicer). No such direction to the

Servicer to resign will be effective until a qualified substitute servicer will have been appointed and agreed to be bound by any relevant documents, such appointment to be effective not later than the date of termination, and the Rating Agencies have been notified of the identity of the replacement Servicer. The costs and expenses of this process will be paid for by the replacement Servicer.

*Rights upon Servicer and Special Servicer Termination Event; Replacement of Servicer and Special Servicer*

If a Servicer Termination Event or Special Servicer Termination Event occurs then, and in each and every such case, so long as such Servicer Termination Event or Special Servicer Termination Event has not been remedied, either:

- (a) the Issuer Security Trustee may, or
- (b) with respect to any of the following Servicer Termination Events or Special Servicer Termination Events:
  - (i) an event under item (a) thereof, as set forth under “-*Termination of Appointment of Servicer or Special Servicer*”; or
  - (ii) any event under item (b) thereof, as set forth under “-*Termination of Appointment of Servicer or Special Servicer*” that relates to either: (A) the failure of the Servicer or Special Servicer, as applicable, to provide the notices it is required to deliver in accordance with the terms of the Servicing Agreement, or (B) any failure of either the Servicer or the Special Servicer to make any calculation required of it pursuant to the terms of the Servicing Agreement that results in a loss to any Noteholder, or (C) any failure to perform certain other obligations (including acting in accordance with the Servicing Standard) or (D) any of the events listed in paragraph (c) to (f) under “- *Termination of Appointment of Servicer or Special Servicer*”,

if Noteholders pass an Ordinary Resolution directing it to do so, the Issuer Security the Trustee will terminate all of the rights and obligations of the Servicer or Special Servicer, as applicable, under the Servicing Agreement, other than rights and obligations accrued prior to such termination, and in and to the Loan and the proceeds of the Loan by notice in writing to the Servicer or Special Servicer, as applicable and the Issuer.

Upon any termination of the Servicer or Special Servicer, as applicable, or appointment of a successor to the Servicer or Special Servicer, as applicable, the Issuer will, as soon as possible, post written notice of such termination in accordance with Condition 16 (*Notice to and Communication between Noteholders*).

The appointment of the person then acting as Special Servicer in relation to the Loan may also be terminated upon the Operating Adviser notifying the Issuer that it requires a replacement Special Servicer to be appointed.

Each of the Servicer and the Special Servicer may resign its appointment upon not fewer than three months' notice to each of the Issuer, the Issuer Security Trustee, the Borrower Security Trustee, the Note Trustee and the Servicer or the Special Servicer (whichever is not purporting to give notice).

No termination of the appointment of the Servicer or the Special Servicer, as applicable, will be effective until a replacement servicer or replacement special servicer, as the case may be, is appointed and agrees to be bound by any relevant documents and provided that the Rating Agencies have been notified in writing of the identity of the replacement Servicer and/or replacement Special Servicer.

## ISSUER CASH MANAGEMENT

### Issuer Cash Manager

Pursuant to the Issuer Cash Management Agreement, the Issuer will appoint the Issuer Cash Manager to be its agent to provide certain cash management services (the “**Cash Management Services**”) in relation to the Issuer Accounts. The Issuer Cash Manager will undertake with the Issuer and (after a Note Acceleration Notice has been given) the Issuer Security Trustee that in performing the services to be performed and in exercising its discretions under the Issuer Cash Management Agreement, the Issuer Cash Manager will perform such responsibilities and duties diligently and in conformity with the Issuer's obligations with respect to the Issuer Transaction Documents and that it will comply with any directions, orders and instructions which the Issuer (or after a Note Acceleration Notice has been given the Issuer Security Trustee) may from time to time give to the Issuer Cash Manager in accordance with the Issuer Cash Management Agreement.

### Issuer Account Bank and Issuer Accounts

Pursuant to the Issuer Cash Management Agreement, Deutsche Bank AG, London Branch will act as account bank (the “**Issuer Account Bank**”) and, as such, will open and maintain (a) the “**Issuer Transaction Account**”, (b) potentially, the “**Stand-by Accounts**”, (c) the “**Swap Collateral Cash Account**” and (d) such other accounts as may be required to be opened for or on behalf of the Issuer from time to time, each in the name of the Issuer (together, the “**Issuer Accounts**”). The Issuer Account Bank will comply with any direction of the Issuer Cash Manager or the Issuer Security Trustee to effect payments from the Issuer Transaction Account, the Stand-by Accounts or any other Issuer Accounts if such direction is made in accordance with the Issuer Cash Management Agreement and the mandate governing the applicable account.

### Calculation of Amounts and Payments

On each Determination Date, the Issuer Cash Manager will determine the various amounts required to pay interest due on the Notes on the forthcoming Note Payment Date and all other amounts then payable by the Issuer and the amounts available to make such payments. In addition, the Issuer Cash Manager will calculate the Principal Amount Outstanding, for the Notes for the Note Interest Period commencing on such forthcoming Note Payment Date and the amount of each principal payment (if any) due on the Notes on the next following Note Payment Date, in each case pursuant to Condition 5(f) (*Redemption and Cancellation - Principal Amount Outstanding*).

Pursuant to the Issuer Cash Management Agent, the Issuer Cash Manager will:

- (a) make all requests for Liquidity Drawings and/or Stand-by Drawings on behalf of the Issuer and if the Issuer Cash Manager fails to submit a notice of drawdown when it is required to do so, the Issuer may submit the relevant notice of drawdown;
- (b) from time to time, give directions to the Issuer Account Bank to pay on behalf of the Issuer all amounts required to be paid by the Issuer by way of Issuer Priority Payments or otherwise pursuant to the Issuer Priorities of Payment; and
- (c) give directions to the Issuer Account Bank to make all payments required to carry out an optional redemption of Notes pursuant to Condition 5(c) (*Redemption and Cancellation - Optional Redemption for Tax or Other Reasons*) or Condition 5(d) (*Redemption and Cancellation - Optional Redemption in Full*).

If the Servicer or, as the case may be the Special Servicer, fails to supply the Issuer Cash Manager with any information that it requires to make these determinations, the Issuer Cash Manager will make its determinations based on the information provided to it by the Servicer or, as the case may be, the Special Servicer on the three immediately preceding Determination Dates (or, if there have not been three preceding Determination Dates, the Determination Dates (if any) which preceded the date on which such determination is required to be made). The Issuer Cash Manager will not be liable to any

person (in the absence of gross negligence, fraud or wilful default) for the accuracy of such determinations.

Furthermore, if for whatever reason, an incorrect payment is made to any party entitled thereto (including the Noteholders) pursuant to the Issuer Pre-Acceleration Priority of Payments, the Issuer Cash Manager will rectify the same by increasing or reducing payments to such party (including the Noteholders), as appropriate, on each subsequent Note Payment Date or Note Payment Dates (if applicable) to the extent required to correct the same. Where such an adjustment is required to be made, the Issuer Cash Manager will notify Noteholders of the same in accordance with the terms of Condition 16 (*Notice to and Communication between Noteholders*). Neither the Issuer nor the Issuer Cash Manager will have any liability to any person for making any such correction.

### **Eligible Investments**

Pursuant to the Issuer Cash Management Agreement, the Issuer Cash Manager on the instruction of the Issuer will procure (pursuant to an instruction in writing from the Issuer (which may be on the instructions of the Swap Provider in respect of the Swap Cash Collateral Account) that moneys on deposit in the Swap Collateral Cash Account and the Stand-by Accounts will be invested in Eligible Investments.

### **Issuer Cash Manager Quarterly Report**

On each Note Payment Date, the Issuer Cash Manager will make available electronically to the Issuer, the Issuer Security Trustee, the Note Trustee (for the benefit and on behalf of each Noteholder), the Servicing Entities and the Rating Agencies, a statement to the Noteholders in respect of each Note Payment Date in which it will notify the recipients of, among other things, all amounts received in the Issuer Transaction Account and payments made with respect thereto (the “**Issuer Cash Manager Quarterly Report**”).

The Issuer Cash Manager will publish each Issuer Cash Manager Quarterly Report at <https://tss.sfs.db.com/investpublic>.

It is not intended that the Issuer Cash Manager Quarterly Reports will be made available in any other format, save in certain limited circumstances with the Issuer Cash Manager's agreement. The Issuer Cash Manager's website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted with respect to the information posted thereon.

### **Delegation by the Issuer Cash Manager**

The Issuer Cash Manager may not sub-contract or delegate the performance of any of its obligations under the Issuer Cash Management Agreement to any sub-contractor, agent, representative or delegate without the prior written consent of the Issuer and the Issuer Security Trustee. Any delegated or sub-contracted obligations, when the necessary consent is given, will not relieve the Issuer Cash Manager from any liability under the Issuer Cash Management Agreement.

### **Fees**

Pursuant to the Issuer Cash Management Agreement, the Issuer will pay to the Issuer Cash Manager, on each Note Payment Date, a cash management fee as agreed between the Issuer Cash Manager and the Issuer and will reimburse the Issuer Cash Manager for all costs and expenses properly incurred by the Issuer Cash Manager in the performance of the Cash Management Services.

### **Termination of Appointment of the Issuer Cash Manager and the Issuer Account Bank**

The appointment of the Issuer Cash Manager and the Issuer Account Bank under the Issuer Cash Management Agreement may be terminated by virtue of its resignation or its removal by the Issuer or the Issuer Security Trustee.

The Issuer (prior to a Note Acceleration Notice being given and not withdrawn) or the Issuer Security Trustee may terminate the Issuer Cash Manager's or the Issuer Account Bank's appointment upon not fewer than 90 days' written notice or immediately upon the occurrence of certain termination events ("**Termination Events**"), including (a) a failure by the Issuer Cash Manager or the Issuer Account Bank to make when due a payment required to be made in accordance with the Issuer Cash Management Agreement when there are sufficient funds available for such purpose, (b) a failure by the Issuer Cash Manager or the Issuer Account Bank to maintain all appropriate licences, consents, approvals and authorisations required to perform its obligations under the Issuer Cash Management Agreement, (c) a material default by the Issuer Cash Manager or the Issuer Account Bank in the performance of any of its other duties under the Issuer Cash Management Agreement which continues unremedied for ten Business Days, or (d) a petition is presented or an effective resolution passed or any order is made by a competent court for the winding up (including, without limitation, the filing of documents with the court or the service of a notice of intention to appoint an administrator) or dissolution (other than in connection with a reorganisation, the terms of which have previously been approved in writing by the Issuer Security Trustee or by an Extraordinary Resolution of the Noteholders and where the Issuer Cash Manager is solvent) of the Issuer Cash Manager or the Issuer Account Bank or the appointment of an administrator or similar official in respect of the Issuer Cash Manager or the Issuer Account Bank. On the termination of the appointment of the Issuer Cash Manager or the Issuer Account Bank by the Issuer Security Trustee, the Issuer may, subject to certain conditions, appoint a successor Issuer Cash Manager or Issuer Account Bank, as applicable.

The Issuer Cash Manager or the Issuer Account Bank may resign as Issuer Cash Manager or Issuer Account Bank upon not fewer than 90 days' written notice of resignation to each of the Issuer, the Servicing Entities, the Issuer Account Bank or the Issuer Cash Manager (as applicable) and the Issuer Security Trustee provided that a suitably qualified successor Issuer Cash Manager has been appointed and if no replacement has been appointed after two months, it may appoint the successor itself.

#### **Termination of Appointment of the Issuer Account Bank**

The Issuer Cash Management Agreement will require that the Issuer Account Bank is, except in certain limited circumstances, a bank with the Account Bank Required Ratings.

If the Issuer Account Bank ceases to hold an appropriate banking licence and/or ceases to have the Account Bank Required Ratings, the Issuer Account Bank will give written notice of such event to the Issuer, the Servicing Entities, the Issuer Cash Manager and the Issuer Security Trustee, and the Issuer shall, within 30 days of such downgrade procure the transfer of any account held by the Issuer with the Issuer Account Bank, to another bank which holds the appropriate banking licence and/or which has the Account Bank Required Ratings after having obtained the prior written consent of the Servicing Entities and the Issuer Security Trustee and subject to establishing substantially similar arrangements to those contained in the Issuer Cash Management Agreement.

If when a transfer of such account or accounts would otherwise have to be made, there is no other bank with the Account Bank Required Ratings or if no other bank with the Account Bank Required Ratings agrees to such a transfer, the Issuer will consult with the Rating Agencies to consider alternative criteria for a replacement prior to the selection of a replacement. The Issuer Account Bank will assist the Issuer in identifying a suitable replacement. The Issuer will keep the Note Trustee, the Servicer and the Special Servicer informed of any discussions it has with the Rating Agencies and shall consider any views they and the Rating Agencies may express during the consultation. Following such consultation, if a replacement entity is appointed, such appointment will be notified by the Issuer to the Rating Agencies promptly. Neither the Issuer, the Issuer Account Bank nor the Issuer Cash Manager will have any liability to any person for any delay or failure to procure such transfer.

The Issuer Account Bank may resign as Issuer Account Bank upon not fewer than 90 days' written notice of resignation to each of the Issuer, the Servicing Entities, the Issuer Security Trustee and the Issuer Cash Manager provided that a suitably qualified successor Issuer Account Bank has been appointed and if no replacement has been appointed after two months, appoint the successor itself.

The appointment of the Issuer Account Bank under the Issuer Cash Management Agreement may be terminated by virtue of its resignation or its removal by the Issuer or the Issuer Security Trustee. The Issuer (prior to a Note Acceleration Notice being given and not withdrawn) or the Issuer Security Trustee may terminate the Issuer Account Bank's appointment upon not fewer than 90 days' written notice or immediately upon the occurrence of a termination event as prescribed under the Issuer Cash Management Agreement

If, other than in the circumstances specified above, the Issuer Cash Manager wishes the bank or branch at which any account of the Issuer is maintained to be changed, the Issuer Cash Manager will obtain the prior written consent of the Issuer and the Issuer Security Trustee, and the transfer of such account will be subject to the same directions and arrangements as are provided for above.

The Issuer Cash Management Agreement will be governed by English law.

## **YIELD, PREPAYMENT AND MATURITY CONSIDERATIONS**

### **Yield**

The yield to maturity on the Notes will depend upon the price paid by the Noteholders, the interest rate thereof from time to time, the rate and timing of the distributions in reduction of the Principal Amount Outstanding of such Notes and the rate, timing and severity of losses on the Loan, as well as prevailing interest rates at the time of payment or loss realisation.

The rate of repayment of principal in reduction of the Principal Amount Outstanding of the Notes and the yield to maturity on the Notes will be directly related to the rate of payments of principal on the Loan, the timing and the severity of losses occurring upon a default of the Borrower.

Losses with respect to the Loan may occur in connection with a default on the Loan and/or the liquidation of all or part of the Property.

Noteholders will only receive repayments of principal and payments of interest when due to the extent that the corresponding payments under the Issuer/Borrower Facility Agreement are received by the Issuer or, for interest payments only, sufficient Liquidity Drawings are available under the Liquidity Facility Agreements. Consequently, any defaulted payment, to the extent of the principal portion thereof, will tend to extend the weighted average life of the Notes.

The rate of payments (including voluntary and involuntary prepayments) on the Loan is influenced by a variety of economic, geographic, social and other factors, including the level of interest rates, the amount of prior refinancing effected by the Borrower and the rate at which the Borrower defaults on the Loan. The terms of the Loan and, in particular, the extent to which the Borrower is entitled to prepay the Loan, the ability of the Borrower to realise income from the Property in excess of that required to meet scheduled payments of interest on the Loan, the obligation of the Borrower to ensure that certain financial covenant tests are met as a condition to the disposal of the Property or to the making of cure payments, the risk of compulsory purchase of the Property and the risk that payments by the Borrower may become subject to tax or result in an increased cost for the Issuer may affect the rate of principal payments on the Loan and, consequently, the yield to maturity of the Notes.

The timing of changes in the rate of prepayment on the Loan may significantly affect the actual yield to maturity experienced by an investor even if the average rate of principal payments experienced over time is consistent with such investor's expectation. In general, the earlier a prepayment of principal on the Loan, the greater the effect on such investor's yield to maturity. As a result, the effect on such investor's yield of principal payments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the Notes would not be fully offset by a subsequent like reduction (or increase) in the rate of principal payments.

No representation is made as to the rate of principal payments on the Loan or as to the yield to maturity of the Notes. An investor is urged to make an investment decision with respect to the Notes based on the anticipated yield to maturity of the Notes resulting from its purchase price and such investor's own determination as to anticipated prepayment rates in respect of the Loan under a variety of scenarios. The extent to which any Notes are purchased at a discount or a premium and the degree to which the timing of payments on such Notes is sensitive to prepayments will determine the extent to which the yield to maturity of such Notes may vary from the anticipated yield. An investor should carefully consider the associated risks, including, in the case of any Notes purchased at a discount, the risk that a slower than anticipated rate of principal payments on the Loan could result in an actual yield to such investor that is lower than the anticipated yield and, in the case of any Notes purchased at a premium, the risk that a faster than anticipated rate of principal payments could result in an actual yield to such investor that is lower than the anticipated yield.

Prospective investors should consider the risk that rapid rates of prepayments on the Loan, and, therefore, of repayments of the Principal Amount Outstanding of the Notes may coincide with periods of low prevailing interest rates. During such periods, the effective interest rates on securities in which an investor may choose to reinvest such amounts distributed to it may be lower than the applicable rate

of interest on the Notes. Conversely, slower rates of prepayments on the Loan, and therefore, of amounts distributable in reduction of the Principal Amount Outstanding of the Notes entitled to distributions of principal, may coincide with periods of high prevailing interest rates. During such periods, the amount of principal repayments resulting from prepayments available to an investor in Notes for reinvestment at such high prevailing interest rates may be relatively small.

For the purposes of preparing the following tables, it was assumed that:

- (i) the initial Principal Amount Outstanding of, and the interest rate for, the Notes are as set forth herein;
- (ii) the Issue Price of the Notes is as set out herein;
- (iii) the scheduled payments of interest for the Loan are based on stated interest payments;
- (iv) all scheduled quarterly payments of interest for the Loan are assumed to be timely received on the due date of each quarter commencing on the first Note Payment Date;
- (v) there are no delinquencies or losses in respect of the Loan, there are no extensions of maturity in respect of the Loan (except as otherwise assumed in the Yield Scenarios) and there are no casualties or compulsory purchases affecting the Property;
- (vi) no principal payments or prepayments are made on the Loan (except as otherwise assumed in the Scenarios);
- (vii) none of the Issuer, the Servicer or the Special Servicer, as applicable, exercises the rights of optional termination described herein and in Conditions 5(c) (*Redemption and Cancellation - Optional Redemption for Tax or Other Reasons*) and 5(d) (*Optional Redemption in Full*) of the Conditions, as applicable;
- (viii) there are no additional unanticipated administrative expenses on the Loan;
- (ix) interest payments on the Notes are made on each Note Payment Date, commencing on 4 February 2015;
- (x) the Swap Agreements remain in place and the Swap Providers makes timely payment of all amounts due under the Swap Agreements;
- (xi) the Closing Date is 16 October 2014; and
- (xii) no Note Acceleration Notice has been served.

Assumptions (i) through (xii) above are collectively referred to as, the “**Modelling Assumptions**”.

Yield Scenario 1: it is assumed that the Loan is repaid in full on the Loan Maturity Date.

Yield Scenario 2: it is anticipated that the Loan is prepaid in full on the second Loan Interest Payment Date prior to the Loan Maturity Date.

Yield Scenario 3: it is anticipated that the Loan is prepaid in full on the sixth Loan Interest Payment Date prior to the Loan Maturity Date.

Scenarios 1, 2 and 3 collectively referred to herein as, the “**Yield Scenarios**”.

Based on the Modelling Assumptions, the following tables indicate the margin to be added to three-month Sterling Libor with respect to the Notes under each of the Yield Scenarios.

<b>Yield Scenario</b>	<b>Notes</b>
1	0.86 per cent.
2	0.86 per cent.
3	0.86 per cent.

### **Weighted Average Life of the Notes**

The weighted average life of a Note refers to the average amount of time that will elapse from the date of its issuance until each Sterling allocable to principal of such Note is distributed to the investor. For the purposes of this Prospectus, the weighted average life of a Note is determined by (a) multiplying the amount of each principal distribution thereon by the number of years from the Closing Date to the related Note Payment Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in the Principal Amount Outstanding of such Note. Accordingly, the weighted average life of any such Note will be influenced by, among other things, the rate at which principal of the Loan is paid or otherwise collected or advanced.

WAL Scenario 1: it is assumed that the Loan is repaid in full on the Loan Maturity Date.

WAL Scenario 2: it is assumed that the Loan is prepaid in full on the first Loan Interest Payment Date on which prepayments can be made without any prepayment penalties.

WAL Scenarios 1 and 2 are collectively referred to herein as, the “**WAL Scenarios**”.

Based on the Modelling Assumptions, the following tables indicate the resulting weighted average lives of the Notes and set forth the percentage of the initial Principal Amount Outstanding of the Notes that would be outstanding after the Closing Date and on each Note Payment Date, after repayment or prepayment, as applicable, of principal paid in that period, occurring on such Payment Date until the Expected Maturity Date.

### **Percentage of the Initial Principal Amount Outstanding for each Designated Scenario**

<b>Note Payment Date</b>	<b>Notes</b>	
	<b>WAL</b>	<b>WAL</b>
	Scenario 1	Scenario 2
February 2015	100%	100%
May 2015	100%	100%
August 2015	100%	100%
November 2015	100%	100%
February 2016	100%	100%
May 2016	100%	100%
August 2016	100%	100%
November 2016	100%	100%
February 2017	100%	0%
May 2017	100%	0%
August 2017	100%	0%
November 2017	100%	0%
February 2018	100%	0%
May 2018	100%	0%
August 2018	100%	0%
November 2018	100%	0%
February 2019	100%	0%
May 2019	100%	0%
August 2019	100%	0%

November 2019	100%	0%
<b>Weighted Average Life (years)</b>	5.05	2.31

## THE ISSUER

The Issuer was incorporated in England on 20 June 2014, as a public company with limited liability under the Companies Acts 2006 with company registration number 9096081. The registered office of the Issuer is at Winchester House, 1 Great Winchester Street, London, EC2N 2DB. The telephone number of the Issuer's registered office is +44 (0)207 545 6408. The Issuer has no subsidiaries.

### Principal Activities

Since the date of its incorporation, the Issuer has not commenced operations and no accounts have been made up as at the date of this Prospectus. The activities in which the Issuer has engaged are those incidental to its incorporation and registration as a public limited company under the Companies Act 2006, the authorisation of the issue of the Notes, the matters referred to or contemplated in this Prospectus and the authorisation, execution, delivery and performance of the other documents referred to in this document to which it is a party and matters which are incidental or ancillary to the foregoing.

The Issuer will covenant to maintain independent directors and to observe certain restrictions on its activities which are detailed in Condition 3(a) (*Covenants - Restrictions*) and in the Issuer Deed of Charge and the Note Trust Deed and, as such, the Issuer is a special purpose vehicle established for the purpose of issuing asset-backed securities. In addition, the Issuer will covenant in the Note Trust Deed to provide written confirmation to the Note Trustee, on an annual basis, that no Note Event of Default, or an event which will become a Note Event of Default with the giving of notice or the passage of time will not be treated as such (or other matter which is required to be brought to the Note Trustee's attention), has occurred in respect of the Notes.

The Issuer is expected to make a profit in each Note Interest Period of an amount (the “**Issuer Profit Amount**”) equal to £1000 per annum).

### Directors and Secretary

- (a) The Directors of the Issuer and their other principal activities are:

<u>Name</u>	<u>Principal Activities</u>
Graham Derek Edward Cox	Company Director
Graham John Hodgkin	Company Director

- (b) The business address for the Directors is Winchester House, 1 Great Winchester Street, London, EC2N 2DB. The company secretary of the Issuer is Sunil Masson whose principal address is at Winchester House, 1 Great Winchester Street, London, EC2N 2DB.
- (c) The Directors do not, and it is not proposed that they will, have service contracts with the Issuer. No Director has entered into any transaction on behalf of the Issuer which is or was unusual in its nature of conditions or is or was significant to the business of the Issuer since its incorporation.
- (d) At the date of this Prospectus there were no loans granted or guarantees provided by the Issuer to any Director.
- (e) The articles of association of the Issuer provide that:
- (i) any Director may vote on any proposal, arrangement or contract in which he is interested provided he has disclosed the nature of his interest; and
  - (ii) subject to the provisions of the articles of association, a Director will hold office until such time as he is removed from office by resolution of the Issuer in general meeting or is otherwise removed or becomes ineligible to act as a Director in accordance with the articles of association.

- (f) The Issuer Corporate Services Provider will, under the terms of the Corporate Services Agreement provide certain corporate services to the Issuer and certain related corporate administrative services. The Corporate Services Agreement may be terminated by either the Issuer or the Issuer Corporate Services Provider upon notice. Such termination will not take effect, however, until a replacement Issuer Corporate Services Provider has been appointed.

### Capitalisation and Indebtedness Statement

The capitalisation and indebtedness of the Issuer as at the date of this Prospectus, adjusted to take account of the issue of the Notes, is as follows:

<b>Authorised</b>	£
	50,000
<b>Issued</b>	12,500
<b>Loan Capital</b>	
Commercial Real Estate Loan Backed Floating Rate Notes due 2024	750,000,000
<b>Total</b>	750,000,000

Save as described above, as at the date hereof, the Issuer has no loan capital, borrowings, indebtedness or contingent liabilities nor has the Issuer created any mortgages or charges or given any.

Since the date of incorporation of the Issuer, the Issuer has not traded, no profits or losses have been made or incurred and no dividends have been paid.

The entire issued share capital of the Issuer is held by Castlewood CS Holdings Limited as trustee (the “**Share Trustee**”) pursuant to the terms of a discretionary trust established pursuant to a declaration of trust (the “**Share Declaration of Trust**”) dated 24 July 2014. The rights of the Share Trustee as a shareholder in the Issuer are contained in the articles of association of the Issuer and the Issuer will be managed by its directors in accordance with those articles of association and in accordance with the laws of England and Wales.

### DESCRIPTION OF THE NOTES

The information set out below has been obtained from sources that the Issuer believes to be reliable and the Issuer accepts responsibility for correctly reproducing this information, but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect, and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Note Trustee, the Issuer Security Trustee or any Agent party to the Agency Agreement (or any affiliate of any of the above) will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

#### General

The Notes (which will be in the denomination of £100,000 and integral multiples of £1,000) will be represented on issue by the Temporary Global Note. The Temporary Global Note will be deposited on the Closing Date with, Deutsche Bank AG, London Branch (in such capacity, the “**Common Depositary**”), on behalf of Euroclear and Clearstream, Luxembourg.

Upon confirmation by the Common Depository that it has custody of the Temporary Global Note, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in the Temporary Global Notes (“**Book-Entry Interests**”) representing beneficial interests in the Notes attributable thereto.

Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than forty (40) days after the issue date of the Notes (the “**Exchange Date**”) for interests in the Permanent Global Note. No payment of principal, interest or any other amount payable in respect of the Notes will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

### **Holding of Beneficial Interests in Global Notes**

Ownership of beneficial interests or Book-Entry Interests in respect of Global Notes will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg (“**Direct Participants**”) or persons that hold beneficial interests or Book-Entry Interests in the Global Notes through participants (“**Indirect Participants**”) and, together with Direct Participants, “**Participants**”), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg either directly or indirectly. Indirect Participants will also include persons that hold beneficial interests or Book-Entry Interests through such indirect participants. Beneficial interests or Book-Entry Interests in Global Notes will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the participants' accounts with the respective interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. Ownership of beneficial interests or Book-Entry Interests in Global Notes will be shown on, and transfers of beneficial interests or Book-Entry Interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their participants) and on the records of participants or indirect participants (with respect to the interests of their participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability of persons within such jurisdictions or otherwise subject to the laws thereof to own, transfer or pledge beneficial interests or Book-Entry Interests in the Global Notes.

Except as set forth below under “- *Issuance of Definitive Notes*”, participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Note Trust Deed. Accordingly, each person holding a beneficial interest or a Book-Entry Interest in a Global Note must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participant or Indirect Participants through which such person owns its beneficial interest or a Book-Entry Interest in the relevant Global Note to exercise any rights and obligations of a holder of Notes under the Note Trust Deed.

Unlike legal owners or holders of the Notes, holders of beneficial interests or Book-Entry Interests in the Global Notes will not have the right under the Note Trust Deed to act upon solicitations by the Issuer of consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of a beneficial interest or a Book-Entry Interest in a Global Note will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of beneficial interests or Book-Entry Interests in Global Notes to vote on any requested actions on a timely basis. Similarly, upon the occurrence of a Note Event of Default under the Notes, holders of beneficial interests or Book-Entry Interests in the Global Notes will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear, and

Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Note Trust Deed.

Purchasers of beneficial interests or Book-Entry Interests in a Global Note issued pursuant to Regulation S will hold such beneficial interests or Book-Entry Interests in the Global Note relating thereto. Investors may hold their beneficial interests or Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg, if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold beneficial interests or Book-Entry Interests in each Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems. For further information regarding the purchase of beneficial interests or Book-Entry Interests in Global Notes issued pursuant to Regulation S, see the section entitled "*Transfer and Transfer Restrictions*".

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfer of beneficial interests or Book-Entry Interests in the Global Notes among participants and account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Note Trustee, the Issuer Security Trustee, the Agents or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective Participants or account holders of their respective obligations under the rules and procedures governing their operations.

#### **Payments on Global Notes**

Each payment of interest on and repayment of principal of the Notes shall be made in accordance with the Agency Agreement.

All payments in respect of each Temporary Global Note and each Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes.

Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the Common Depository or its nominee in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Principal Paying Agent nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the Common Depository, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Joint Lead Managers, the Arrangers, the Note Trustee, the Issuer Security Trustee or the Borrower Security Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

## **Book-Entry Ownership**

Each Global Note will have an ISIN and a Common Code and will be deposited with, the Common Depository, on behalf of Euroclear and Clearstream, Luxembourg.

## **Information Regarding Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg have informed the Issuer as follows:

Custodial and depository links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Global Notes and secondary market trading of beneficial interests in the Global Notes.

Clearstream, Luxembourg and Euroclear each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Clearstream, Luxembourg and Euroclear provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg and Euroclear also deal with domestic securities markets in several countries through established depository and custodial relationships. Clearstream, Luxembourg and Euroclear have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Clearstream, Luxembourg and Euroclear customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg and Euroclear is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

As Euroclear and Clearstream, Luxembourg act on behalf of their respective account holders only, who in turn may act on behalf of their respective clients, the ability of beneficial owners who are not account holders with Euroclear or Clearstream, Luxembourg to pledge interests in the Global Notes to persons or entities that are not account holders with Euroclear or Clearstream, Luxembourg, or otherwise take action in respect of interests in the Global Notes, may be limited.

The Issuer understands that under existing industry practices, if either the Issuer or the Note Trustee requests any action of owners of beneficial interests in Global Notes or if an owner of a beneficial interest in a Global Note desires to give instructions or take any action that a holder is entitled to give or take under the Note Trust Deed, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the direct participants owning the relevant beneficial interests to give instructions or take such action, and such direct participants would authorise indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

## **Transfer and Transfer Restrictions**

All transfers of beneficial interests in Global Notes will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants.

## **Issuance of Definitive Notes**

Holders of beneficial interests in a Global Note will be entitled to receive Definitive Notes representing Notes in registered form in exchange for their respective holdings of beneficial interests only if:

- (a) (in the case of Global Notes held by or on behalf of the Common Depository) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Note Trustee is available; or

- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or Ireland or any other jurisdiction (or of any political sub-division thereof or of any authority therein or thereof having power to tax) or in the interpretation or administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive registered form.

Definitive Notes, if issued, will be in denominations of £100,000 and each and every denomination (being an integral multiple of £1,000) between (and including) £101,000 and £199,000, in each case serially numbered and issued in bearer form with (at the date of issue) interest coupons (“**Coupons**”), which expression includes talons for further Coupons (“**Talons**”), except where the context otherwise requires) and one Talon attached.

## TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions (the “**Conditions**”) of the Notes in the form in which they shall be set out in the Note Trust Deed.

The £750,000,000 Commercial Real Estate Loan Backed Floating Rate Notes (the “**Notes**”) due 4 November 2024 (the “**Final Maturity Date**”) of Westfield Stratford City Finance PLC (the “**Issuer**”) are constituted by a note trust deed dated on or about 16 October 2014 (the “**Closing Date**”) and made between the Issuer and Deutsche Trustee Company Limited (the “**Note Trustee**”, which expression includes its successors or any other trustee appointed pursuant to the Note Trust Deed (as defined below)) as trustee for Noteholders (as defined below) and the holders for the time being of the Coupons (as defined below) (the “**Couponholders**”) if any (the “**Note Trust Deed**” which expression includes such trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified).

The security for the Notes is constituted by a deed of charge dated on or about the Closing Date (the “**Issuer Deed of Charge**”, which expression includes such deed of charge as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified and made between the Issuer and Deutsche Trustee Company Limited (the “**Issuer Security Trustee**”, which expression includes its successors or any other trustee under the Issuer Deed of Charge).

Pursuant to an agency agreement dated on or about the Closing Date (the “**Agency Agreement**”, which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and made between, *inter alios*, the Issuer, the Note Trustee, Deutsche Bank AG, London Branch, in its separate capacities as principal paying agent (the “**Principal Paying Agent**”, which expression includes any other replacement principal paying agent appointed in respect of the Notes and, together with any further or other paying agent for the time being appointed in respect of the Notes, the “**Paying Agents**”) and agent bank which expression includes any replacement agent bank appointed in respect of the Notes (the “**Agent Bank**” and, together with the Paying Agents, the “**Agents**”), provision is made for, among other things, the repayment of principal and payment of interest and Early Redemption Premium (if any) in respect of the Notes.

The Noteholders and all persons claiming through them or under the Notes are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Note Trust Deed, the Issuer Deed of Charge, the Agency Agreement and the other Issuer Transaction Documents.

These Conditions include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Agency Agreement, the Issuer Deed of Charge, the Issuer Cash Management Agreement, the Liquidity Facility Agreement, the Swap Agreements, the Corporate Services Agreement, the Servicing Agreement and the Master Definitions and Framework Deed (as defined below).

Copies of the Issuer Transaction Documents are available for inspection at <https://tss.sfs.db.com/investpublic/> or during business hours at the specified office of each of the Paying Agents.

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed on 26 September 2014.

Capitalised terms used and not otherwise defined in these Conditions shall bear the meanings given to them in a master definitions and framework deed dated the Closing Date entered into between, *inter alios*, the Issuer, the Note Trustee, the Issuer Security Trustee, the Servicer, the Special Servicer, the Issuer Corporate Services Provider, the Swap Providers, the Liquidity Facility Providers, the Issuer Account Bank and the Issuer Cash Manager (as the same may be amended, varied and supplemented from time to time) (the “**Master Definitions and Framework Deed**”).

References in these Conditions to an “**Extraordinary Resolution**” in respect of the Noteholders means:

- (a) a resolution passed at a duly convened meeting of the Noteholders and held in accordance with the provisions of the Note Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of Notes outstanding constituting not less than 75 per cent. in aggregate Principal Amount Outstanding of the Notes then outstanding, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,

and in the circumstances set out in Condition 13(f) (*Meetings of Noteholders, Modification and Waiver and Substitution – Negative Consent*), an Extraordinary Resolution (other than in respect of a Basic Terms Modification, an Extraordinary Resolution relating to a Note Maturity Plan, the waiver of any Note Event of Default, the acceleration of the Notes or the enforcement of the Issuer Security) will be deemed to have been passed unless the holders of Notes outstanding constituting 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes then outstanding have informed the Note Trustee in the prescribed manner of their objection to such Extraordinary Resolution within 30 days after the date on which a notice containing the text of such Extraordinary Resolution which acts as an invitation to Noteholders to object to the same and details the manner in which such objections should be made has been given to the Noteholders in accordance with the provisions of Condition 16 (*Notice to and Communication between Noteholders*).

The following matters may only be passed by way of an Extraordinary Resolution:

- (a) a Basic Terms Modification
- (b) a final Note Maturity Plan which constitutes a Basic Terms Modification;
- (c) a modification of the Notes or the Note Trust Deed (including these Conditions) or the provisions of any of the other Issuer Transaction Documents;
- (d) the removal of the Note Trustee; or
- (e) the removal of the Servicer (without cause) by the Noteholders.

References in these Conditions to an “**Ordinary Resolution**” in respect of the Noteholders means:

- (a) a resolution passed at a duly convened meeting of the Noteholders and held in accordance with the provisions of the Note Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of Notes outstanding constituting not less than 50.1 per cent. in aggregate Principal Amount Outstanding of the Notes then outstanding, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Condition 13(f)) (*Meetings of Noteholders, Modification and Waiver and Substitution – Negative Consent*), an Ordinary Resolution (other than an Ordinary Resolution relating to a Note Maturity Plan) will be deemed to have been passed unless the holders of Notes outstanding constituting 50 per cent. or more in aggregate Principal Amount Outstanding of the Notes then outstanding have informed the Note Trustee in the prescribed manner of their objection to such Ordinary Resolution within 30 days after the date on which a notice containing the text of such Ordinary Resolution which acts as an invitation to Noteholders to object to the same and details the

manner in which such objections should be made has been given to the Noteholders in accordance with the provisions of Condition 16 (*Notice to and Communication between Noteholders*).

The Noteholders may, by way of Ordinary Resolution, remove the Servicer or Special Servicer following the occurrence of a Servicer Termination Event or Special Servicer Termination Event.

## **1. Form, Denomination and Title**

### **(a) Temporary Global Notes**

The Notes will initially be represented by a temporary global note in bearer form (the “**Temporary Global Note**”), without interest coupons or talons, in the aggregate principal amount on issue of £750,000,000. The Temporary Global Note will be deposited on or about the Closing Date with a common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”).

### **(b) Permanent Global Notes**

Upon deposit of the Temporary Global Note, Euroclear or Clearstream, Luxembourg will credit each subscriber of the Notes with the principal amount of the Notes equal to the aggregate principal amount thereof which it had subscribed and for which it has paid. Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note in bearer form (the “**Permanent Global Note**” and, together with the Temporary Global Note, the “**Global Notes**”), without interest coupons or talons, on or after 25 November 2014, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances described below.

### **(c) Title to Global Notes**

For so long as the Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or Euroclear, as appropriate and the holder of any Global Note will be treated as its absolute owner for the purposes of making payments thereon (regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and make payments thereon accordingly, except as ordered by a court of competent jurisdiction or otherwise required by law.

### **(d) Definitive Notes**

A Permanent Global Note will be exchanged for Notes in definitive form (the “**Definitive Notes**”) only if either of the following circumstances applies:

- (i) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system satisfactory to the Note Trustee is available; or
- (ii) the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Note Trustee.

Definitive Notes, if issued, will be in denominations of £100,000 and each and every denomination (being an integral multiple of £1,000) between (and including) £101,000 and £199,000, in each case serially numbered and issued in bearer form with (at the date of issue) interest coupons (“**Coupons**”), which expression includes talons for further Coupons (“**Talons**”), except where the context otherwise requires) and one Talon attached.

**(e) Title to Definitive Notes**

Title to the Definitive Notes, Coupons and Talons shall pass by delivery. Definitive Notes, if issued, will be available to Noteholders at the specified offices of the Principal Paying Agent.

The holder of any Definitive Note, Coupon or Talon may be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Definitive Note, Coupon or Talon, as the case may be, regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon.

**(f) Noteholders**

As used in these Conditions, “**Noteholder**” means (i) in relation to any Note represented by a Global Note, each person who is for the time being shown in the records of Clearstream, Luxembourg or Euroclear as the holder of a particular Principal Amount Outstanding (as defined in Condition 5(e) (*Redemption and Cancellation – Principal Amount Outstanding*) of such Note (other than Clearstream, Luxembourg or Euroclear), in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear (as appropriate) as to the Principal Amount Outstanding of Notes standing to the account of any person shall be conclusive and binding for all purposes, and such person shall be treated by the Issuer, the Note Trustee and all other persons as the holder of such Principal Amount Outstanding of such Notes for all purposes, other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Issuer, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and for which purpose **Noteholders** means the bearer of the relevant Global Note; and, in relation to any Definitive Note issued under Condition 1(d) above, the bearers of those Definitive Notes.

References to “**Notes**” shall include the Global Notes and the Definitive Notes.

**2. Status, Security and Priority**

**(a) Status and Relationship among the Notes**

- (i) The Notes constitute direct, unconditional, limited recourse and secured obligations of the Issuer and are secured by the Issuer Security (as defined below and as more particularly described in this Condition 2 and in Condition 12 (*Limit on Noteholder Action, Limited Recourse and Non-Petition*) below).
- (ii) The Notes rank *pro rata* and *pari passu* without preference or priority amongst themselves as to payments of interest and as to repayments of principal at all times.
- (iii) Nothing in the Note Trust Deed or the Notes shall be construed as giving rise to any relationship of agency or partnership between the Noteholders and any other person and each Noteholder shall be acting entirely for its own account in exercising its rights under the Note Trust Deed or the Notes.
- (iv) The Issuer Deed of Charge contains provisions requiring the Issuer Security Trustee (except where expressly provided otherwise) to have regard to the interests of the Issuer Secured Creditors as a whole as regards the exercise or performance of each of its trusts, powers, authorities, duties, discretions and obligations in respect of the Issuer Security under the Issuer Deed of Charge and each of the other Issuer Transaction Documents or the rights or benefits which are comprised in the Issuer Security. If, in relation to the exercise or performance of any of those trusts, powers, authorities, duties, discretions and obligations, in the Issuer Security Trustee’s opinion there is or may be a conflict between the interests of (A) any of the Noteholders and (B) the other Issuer Secured Creditors, the Issuer Security Trustee shall be entitled to have regard only to the interests of the Noteholders.

**(b) Security and Priority of Payments**

As security for its obligations under, *inter alia*, the Notes, the Issuer has, pursuant to the Issuer Deed of Charge, granted the following security in favour of the Issuer Security Trustee for itself and on trust for the Noteholders and the Note Trustee, each Swap Provider, each Liquidity Facility Provider, the Issuer Account Bank, the Principal Paying Agent, the Paying Agents (if any), the Agent Bank, the Issuer Cash Manager, the Servicer, the Special Servicer, the Issuer Corporate Services Provider and any other person designated as such by the Issuer, the Note Trustee and the Issuer Security Trustee after the Closing Date or who becomes a Noteholder after the Closing Date (the Issuer Security Trustee and all of such persons being collectively, the “**Issuer Secured Creditors**”):

- (i) an assignment by way of first fixed security of the Issuer’s rights, title, interest and benefit, present and future, in, to and under:
  - (A) the Borrower Finance Documents to which it is a party;
  - (B) the Issuer Transaction Documents (subject to any right of set-off or netting provided for under the Swap Agreements); and
  - (C) all other contracts, agreements and deeds present and future, to which the Issuer is or may become a party or in respect of which it may have the benefit, including all reports, valuations and opinions (other than the Issuer Deed of Charge);
- (ii) a first fixed charge over the Issuer’s rights, title, interest and benefit both present and future in and to all sums of money or securities which are from time to time and at any time standing to the credit of the Issuer Accounts and any other bank, securities or other account opened and maintained in England and Wales (other than the Swap Collateral Cash Accounts, and the Swap Collateral Custody Accounts (if any)) and in which the Issuer may at any time acquire any right, title, interest or benefit or otherwise place and hold its cash or securities, resources, and in the funds or securities from time to time standing to the credit of such accounts and in the debts represented thereby;
- (iii) a first fixed charge in and to the Issuer’s rights, title, interest and benefit, present and future in and to all Eligible Investments made by or on behalf of the Issuer using moneys standing to the credit of the Issuer Accounts (other than the Swap Collateral Cash Accounts and the Swap Collateral Custody Accounts (if any)) including without limitation and to the extent not already stated above, all rights to receive payment of all amounts thereunder, all moneys, income and proceeds payable and/or paid thereunder or arising or accrued in respect thereof, the benefit of all covenants relating thereto, all rights of action in respect thereof and all powers and all rights and remedies for enforcing the same;
- (iv) a first fixed charge for the benefit of each Swap Provider only, for the payment and discharge of the Issuer’s obligations to pay any Return Amount, Interest Amount or Distribution (each as defined in the relevant Swap Agreement) or any Swap Termination Payment to the relevant Swap Provider under the relevant Swap Agreement, all its rights, title, interest and benefit both present and future in and to all sums of money or securities which are from time to time and at any time standing to the credit of the relevant Swap Collateral Cash Account and the relevant Swap Collateral Custody Account (if any), and any Eligible Investments made using the amounts standing to the credit thereof and in the debts represented thereby; and
- (v) a first ranking floating charge over the whole of the undertaking of the Issuer and all its property and assets whatsoever and wheresoever situate, present and future (other than those subject to the fixed charges set out in paragraphs (i) to (iv) above, the Swap Collateral Cash Accounts and the Swap Collateral Custody Accounts (if any)) (collectively with (i), (ii), (iii) and (iv) above, the “**Issuer Security**”).

The Issuer Deed of Charge contains the provisions regulating and binding the Issuer Secured Creditors in respect of (A) the priority of application of the Issuer Security (and the proceeds thereof) by the

Issuer Cash Manager among the persons entitled thereto prior to the service of a Note Acceleration Notice or the Issuer Security otherwise becoming enforceable; and (B) the application of the Issuer Security by the Issuer Security Trustee after the service of a Note Acceleration Notice or the Issuer Security becoming otherwise enforceable.

**(c) Disposal of Issuer Security by the Issuer Security Trustee**

The Issuer Security shall become immediately enforceable upon the Note Trustee serving a Note Acceleration Notice pursuant to Condition 9 (*Note Events of Default*). If the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Issuer Security Trustee will not be entitled to dispose of the undertaking, property or assets secured under the Issuer Security or any part thereof or otherwise realise the Issuer Security unless:

- (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amount required under the Issuer Deed of Charge to be paid *pari passu* with, or in priority to, the Notes; or
- (ii) the Issuer Security Trustee is of the opinion, which shall be binding on the Noteholders, reached after considering at any time and from time to time the advice of such professional advisers as are selected by the Issuer Security Trustee, upon which the Issuer Security Trustee shall be entitled to rely, that the cashflow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and any amounts required under the Issuer Deed of Charge to be paid *pari passu* with, or in priority to, the Notes; or
- (iii) the Issuer Security Trustee considers, in its discretion, that not to effect such disposal or realisation would place the Issuer Security in jeopardy,

and, in any event, the Issuer Security Trustee has been indemnified and/or secured and/or prefunded to its satisfaction.

**3. Covenants**

**(a) Restrictions**

The Issuer has given certain covenants to the Note Trustee and the Issuer Security Trustee in the Issuer Deed of Charge. In particular, save with the prior written consent of the Note Trustee or the Issuer Security Trustee, as applicable, or unless otherwise provided in or envisaged by these Conditions or the Issuer Transaction Documents, the Issuer shall, so long as any Note remains outstanding:

- (i) *Negative Pledge*  
not grant, create or permit to subsist any Security Interest whatsoever over any of its assets, present or future, (including any uncalled capital);
- (ii) *Restrictions on Activities*
  - (A) not carry on any trade, business or activity or enter into any document other than those contemplated by the Issuer Transaction Documents;
  - (B) not have any employees or premises or have any subsidiary undertaking (as defined in the Companies Act 2006) or become a director of any company; or
  - (C) not amend, supplement or otherwise modify its memorandum or articles of association or other constitutional documents.

(iii) *VAT*

not apply to become part of any group for the purposes of Section 43 of the Value Added Tax 1994 with any other company or group of companies or any such act, regulation, order, statutory instrument or directive which may, from time to time, re-enact, replace, amend, vary, codify or consolidate or repeal the Value Added Tax Act 1994;

(iv) *Corporation Tax*

not prejudice its eligibility for its corporation tax liability to be calculated in accordance with Regulation 14 of the Taxation of Securitisation Companies Regulations 2006;

(v) *Disposal of Assets*

not transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein other than as expressly contemplated by the Issuer Transaction Documents;

(vi) *Dividends or Distributions*

not pay dividends or make other distributions to its members out of profits available for distribution or issue any further shares (other than the distributions permitted to be made to its share trustee as contemplated by the Issuer Transaction Documents);

(vii) *Borrowings*

not incur or permit to subsist any indebtedness in respect of borrowed money whatsoever (save as permitted by the Issuer Transaction Documents) or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(viii) *Merger*

not consolidate or merge with any other person or convey or transfer all or substantially all of its property or assets to any other person;

(ix) *Variation*

not permit any of the Issuer Transaction Documents to become invalid or ineffective, or the priority of the security interests created thereby to be reduced, amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of the Note Trust Deed, these Conditions, the Issuer Security Documents or any of the other Issuer Transaction Documents, or permit any party to any of the Issuer Transaction Documents or the Issuer Security or any other person whose obligations form part of the Issuer Security to be released from such obligations or dispose of all or any part of the Issuer Security;

(x) *Bank Accounts*

not have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged or security is otherwise provided to the Issuer Security Trustee on terms acceptable to it;

(xii) *Purchase of Notes*

not purchase any of the Notes;

(xiii) *Business Establishment*

not establish any “establishment” (as that term is used in Article 2(h) of the EU Insolvency Regulation) or branch outside England and Wales;

(xiv) *Centre of Main Interests*

maintain its registered office, head office or “centre of main interests” (as that term is used in Article 3(1) of the EU Insolvency Regulation) in England and Wales and will not move such registered office, head office or “centre of main interests” to another jurisdiction;

(xv) *Independent Directors*

ensure that at all times all of its directors act independently of any of its creditors, other than the Issuer Corporate Services Provider, or their respective affiliates;

(xvi) *Separate Accounts*

at all times keep, or procure the keeping of, records, proper books of account and bank accounts separate and apart from any other person or entity and maintain such books and records in the ordinary course of its business;

(xvii) *Separate Identity*

- (A) correct any known misunderstanding regarding its separate identity from any of its members, general partners, principals or affiliates thereof or any other person;
- (B) not fail to hold itself out to the public as a legal entity separate and distinct from any other person, not fail to conduct its business solely in its own name, mislead others as to the identity with which such other party is transacting business;
- (C) not have its assets listed on the accounts or financial statements of any other person or entity;
- (D) not commingle its assets with those of any other person or entity; and
- (E) use separate stationery, invoices, and cheques bearing its own name.

**(b) Issuer Cash Manager, Servicer and Special Servicer**

So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a cash manager in respect of the moneys from time to time standing to the credit of the Issuer Accounts and a servicer in respect of the Issuer’s assets. Neither the Issuer Cash Manager nor the Servicer (or the Special Servicer, as the case may be) will be permitted to terminate its appointment unless a replacement cash manager or servicer (or the special servicer, as the case may be), as the case may be, acceptable to the Issuer and the Issuer Security Trustee has been appointed.

The Operating Adviser (if appointed) may request the termination and replacement of the appointment of the Special Servicer by notifying the Issuer that it requires the termination of the appointment of the Special Servicer and the appointment of a replacement special servicer to be appointed.

**(c) Dealings with the Rating Agencies**

The Issuer shall not engage in any communication (whether written, oral, electronic or otherwise) with any of the Rating Agencies unless it:

- (i) has given at least two Business Days' notice of the same to the Note Trustee, the Issuer Security Trustee, the Issuer Cash Manager and the Servicer (or the Special Servicer, as the case may be);
- (ii) permits such parties (or any of them) (in their sole discretion) to participate in such communications; and
- (iii) summarises in writing any information provided to the Rating Agencies in such communication and promptly sends a copy of such written summary to the Note Trustee, the Issuer Security Trustee, the Issuer Cash Manager and the Servicer (or the Special Servicer, as the case may be).

#### **4. Interest**

##### **(a) Period of Accrual**

Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, in the case of a Global Note, upon due presentation, or otherwise in the case of a Definitive Note, payment of the relevant amount of principal or any part thereof is improperly withheld or refused on any Global Note or Definitive Note, as applicable. Where such payment of principal is improperly withheld or refused on any Note, interest will continue to accrue thereon (before as well as after any judgment) at the rate applicable to such Note up to (but excluding) the date on which payment in full of the relevant amount of principal, together with the interest accrued thereon, is made or (if earlier) the seventh day after notice is duly given to the holder thereof (either in accordance with Condition 16 (*Notice to and Communication between Noteholders*) or individually) that, upon presentation thereof being duly made, in the case of a Global Note, or otherwise in the case of a Definitive Note, such payment will be made, provided that upon presentation thereof being duly made, payment is in fact made.

Whenever it is necessary to compute an amount of interest for any period (including any Note Interest Period (as defined below)), such interest shall be calculated in the case of the Notes, on the basis of actual days elapsed and a 365 day year.

##### **(b) Note Payment Dates and Note Interest Periods**

Interest on the Notes is, subject as provided below in relation to the first Note Payment Date, payable quarterly in arrear on the 4th day of February, May, August and November in each year (or, if such day is not a Business Day, the next following Business Day unless such Business Day falls in the next following calendar month in which event the immediately preceding Business Day) (each, a "**Note Payment Date**") in respect of the Note Interest Period ending immediately prior thereto. The first Note Payment Date is the Note Payment Date falling in February 2015 in respect of the period from (and including) the Closing Date to (but excluding) that Note Payment Date.

In these Conditions, "**Note Interest Period**" shall mean the period from (and including) a Note Payment Date to (but excluding) the next following Note Payment Date provided that the first Note Interest Period shall be the period from (and including) the Closing Date to (but excluding) the Note Payment Date falling in February 2015.

##### **(c) Rate of Interest**

The rate of interest payable from time to time in respect of the Notes (the "**Rate of Interest**") will be determined by the Agent Bank on the basis of the following provisions.

The Agent Bank will at, or as soon as practicable after, 11.00 a.m. (London time) on the first day of each Note Interest Period for which the rate will apply or, in the case of the first Note Interest Period, on the Closing Date (each, an "**Interest Rate Determination Date**"), determine the Rate of Interest

applicable to, and calculate the amount of interest payable on, the Notes, for the Note Interest Period immediately following such Interest Rate Determination Date.

The Rate of Interest applicable to the Notes for any Note Interest Period up to and including the Expected Maturity Date will be equal to (a) three-month sterling LIBOR plus (b) the Margin (provided always, that, for each Note Interest Period occurring from and after the Expected Maturity Date, when determining the Rate of Interest, the rate attributable to three-month Sterling LIBOR shall not exceed 8 per cent. per annum).

For the purposes of these Conditions, “**Margin**” means 0.86 per cent. per annum.

For the purposes of determining the Rate of Interest in respect of the Notes, (“**LIBOR**”) will be determined by the Agent Bank on the basis of the following provisions:

- (A) on each Interest Rate Determination Date, the Agent Bank will determine at or about 11.00 a.m. (London time) on such date the London inter-bank offered rate administered for three-month sterling deposits in the market which appears on the Thomson Reuters Screen LIBOR01 Page (the “**LIBOR Screen Rate**”) (or (i) such other page as may replace the Thomson Reuters screen LIBOR01 Page for the purpose of displaying such information or (ii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Note Trustee)); or
- (B) if the LIBOR Screen Rate is not then available, the arithmetic mean (rounded to five decimal places, 0.000005 rounded upwards) of the rates notified to the Agent Bank at its request by each of four reference banks duly appointed for such purpose (the “**Reference Banks**”) as the rate at which three month deposits in sterling are offered for the same period as that Note Interest Period by those Reference Banks to prime banks in the London inter-bank market at or about 11.00 a.m. (London time) on that date. If, on any such Interest Rate Determination Date, at least two of the Reference Banks provide such offered quotations to the Agent Bank the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Rate Determination Date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Note Trustee and the Issuer for the purposes of agreeing one or, as the case may be, two additional bank(s) to provide such a quotation or quotations to the Agent Bank (which bank is (or banks are, as the case may be) in the sole opinion of the Note Trustee suitable for such purpose) and the rate for the Note Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such Reference Bank and/or banks as so agreed. If no such bank or banks is or are so agreed or such bank or banks as so agreed does not or do not provide such a quotation or quotations, then the rate for the relevant Note Interest Period shall be the arithmetic mean (rounded to five decimal places, 0.000005 being rounded upwards) of the rates quoted by major banks in the London inter-bank market, selected by the Agent Bank in consultation with the Note Trustee and the Issuer, at approximately 11.00 a.m. (London time) on the Closing Date or the relevant Interest Rate Determination Date, as the case may be, for loans in sterling to leading banks in the London inter-bank market for a period of three months or, in the case of the first Note Interest Period, the same as the relevant Note Interest Period.

For the purposes of these Conditions:

“**Business Day**” means a day (other than a Saturday or a Sunday) on which banks are open for business in London and Dublin.

**(d) Determination of Rates of Interest and Calculation of Interest Amounts for Notes**

The Agent Bank shall, on or as soon as practicable after each Interest Rate Determination Date, but in no event later than the first day of the relevant Note Interest Period, notify the Issuer, the Note Trustee, the Issuer Cash Manager and the Paying Agents in writing of (i) the Rate of Interest applicable for the

Note Interest Period immediately following such Interest Rate Determination Date, in respect of the Notes and (ii) the amount of interest (the “**Interest Amount**”) payable, subject to Condition 4(b) (*Note Payment Dates and Note Interest Periods*) and Condition 4(d) (*Rate of Interest*), in respect of such Note Interest Period in respect of the Notes. Each Interest Amount in respect of the Notes shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of the Notes at the beginning of the Note Interest Period and multiplying such sum by the actual number of days in the relevant Note Interest Period divided by 365 and rounding the resultant figure downward to the nearest pennies.

**(e) Publication of Rates of Interest, Interest Amounts and other Notices**

As soon as practicable on each Interest Rate Determination Date after receiving written notification thereof from the Agent Bank, the Issuer Cash Manager will cause the Rate of Interest and the Interest Amount applicable to the Notes and the Note Payment Date in respect thereof to be notified in writing to the Irish Stock Exchange Limited (the “**Irish Stock Exchange**”) (for so long as the Notes are listed on the Irish Stock Exchange). The Interest Amount, the Note Payment Date and other determinations so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Note Interest Period for the Notes.

**(f) Determination and/or Calculation by the Note Trustee**

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount for the Notes and/or make any other necessary calculation in accordance with this Condition 4, the Note Trustee shall (or shall appoint an agent, on its behalf to do so):

- (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 above), it shall deem fair and reasonable in the circumstances, and/or (as the case may be); and
- (ii) calculate the Interest Amount for the Notes in the manner specified in Condition 4(e) (*Determination of Rates of Interest and Calculation of Interest Amounts for Notes*) and any such determination and/or calculation shall be deemed to have been made by the Agent Bank,

and the Note Trustee shall have no liability in respect thereof.

**(g) Notifications to be Final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank or the Note Trustee shall (in the absence of gross negligence, wilful default or fraud) be binding on the Issuer, the Reference Banks, the Agent Bank, the Note Trustee, the Servicer and the Special Servicer.

**(h) Reference Banks and Agent Bank**

The Issuer shall ensure that, for so long as any of the Notes remains outstanding, there shall, at all times, be four Reference Banks and an Agent Bank. If the principal London office of any such bank is unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Note Trustee to act as such in its place. Any purported resignation or removal by the Issuer shall not take effect until a successor so approved by the Note Trustee has been appointed.

## 5. Redemption And Cancellation

### (a) Final Redemption of the Notes

Unless previously redeemed in full and cancelled as provided in this Condition 5, the Issuer shall redeem the Notes at their Principal Amount Outstanding together with accrued interest on the Final Maturity Date.

The Issuer may not redeem the Notes in whole or in part prior to the Final Maturity Date except as provided in this Condition 5 but without prejudice to Condition 9 (*Note Events of Default*).

### (b) Mandatory Redemption from Prepayment Funds

The Notes are expected to be redeemed in full and cancelled on the Note Payment Date falling in November 2019 (the “**Expected Maturity Date**”) but only to the extent that all amounts outstanding under the Loan are paid in full to the Issuer. To the extent that such amounts are not paid, the Issuer will, prior to the service of a Note Acceleration Notice, redeem the Notes on each Note Payment Date after the Expected Maturity Date from amounts received by it under the Loan subject to the applicable Issuer Priority of Payments. Prior to (i) the Expected Maturity Date; and (ii) the service of a Note Acceleration Notice, in accordance with and subject to the Issuer Pre-Acceleration Priority of Payments, unless the Notes have been previously redeemed in full and cancelled as provided in this Condition 5, the Notes will be subject to mandatory early redemption in part on each Note Payment Date from the Prepayment Funds received by the Issuer during the Collection Period immediately preceding the Note Payment Date after satisfaction of all amounts payable by the Issuer which rank in priority to repayments of principal.

If such early redemption occurs as a result of the receipt of Prepayment Funds following a voluntary prepayment of the Loan pursuant to Clause 7.6 (*Voluntary Prepayment of the Loan*) of the IBFA or a mandatory prepayment of the Loan pursuant to Clause 7.4 (*Mandatory Prepayment – Disposal Proceeds*) of the IBFA, the Issuer shall pay an Early Redemption Premium to the Noteholders.

“**Prepayment Funds**” means all principal repayments received by or on behalf of the Issuer in respect of the Loan as a result of: (i) the voluntary prepayment of the Loan in part or in full by the Borrower; (ii) mandatory prepayments made from disposal proceeds pursuant to the Issuer/Borrower Facility Agreement; (iii) mandatory prepayments made from insurance proceeds pursuant to the Issuer/Borrower Facility Agreement; (iv) cure payments made under the Loan and credited to the Deposit Account; (v) repayment of the Loan on the Expected Maturity Date or thereafter and (vi) amounts recovered in respect of the Loan which are applied towards the reduction of outstanding principal as a result of any action taken to enforce the Loan and/or the Borrower Security.

“**Collection Period**” means a period beginning on (and including) a Determination Date (or, in the case of the first Collection Period, the Closing Date) and ending on (and including) the Business Day immediately preceding the next Determination Date.

“**Determination Date**” means the third Business Day prior to each Note Payment Date.

Any Early Redemption Premium (as determined by the Issuer Cash Manager) will be paid on each Note Payment Date in accordance with the applicable Issuer Priority of Payments.

The “**Early Redemption Premium**” as determined on any Determination Date will be equal to:

- (i) 2.00 per cent. of the principal amount of the Notes to be redeemed, if the redemption occurs on or prior to the Note Payment Date falling in November 2015; or
- (ii) 1.00 per cent. of the principal amount of the Notes to be redeemed, if the redemption occurs after the Note Payment Date falling in November 2015 but on or prior to the Note Payment Date falling in November 2016.

No Early Redemption Premium shall be payable after the Note Payment Date falling in November 2016.

**(c) Optional Redemption for Tax or Other Reasons**

If:

- (i) the Issuer would become obliged to deduct or withhold from any payment of interest or principal in respect of the Notes, any amount for or on account of any present or future taxes, duties or charges of whatsoever nature (“**Taxes**”) by the laws or regulations of the United Kingdom or any political sub-division thereof or any other authority thereof (or any other jurisdiction or any political sub-division or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of payments made by it of principal and interest on the Notes) by reason of any change in or amendment to such laws or regulations or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction); or
- (ii) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, the Issuer is no longer a “securitisation company” (as defined in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (for the purposes of this Condition 5(c)(ii), the “**Regulations**”) and is otherwise unable to claim a tax treatment in the United Kingdom that would prevent a material increase in the tax liabilities of the Issuer compared to the treatment previously provided to the Issuer under the Regulations; or
- (iii) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, the Borrower would on the next Loan Interest Payment Date be required to make any withholding or deduction for or on account of any Taxes from payments in respect of the Issuer/Borrower Facility Agreement; or
- (iv) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, it has or will have the result that it will become unlawful for the Issuer to perform any of its obligations under the Issuer/Borrower Facility Agreement or to fund or to maintain its participation in the Loan; or
- (v) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date that a Swap Provider would be entitled to terminate a Swap Agreement in accordance with its terms as a result of the Issuer or the relevant Swap Provider being required to make any withholding or deduction for or on account of any Taxes from payments in respect of such Swap Agreement,

then the Issuer may, in consultation with the Borrower and the Note Trustee and in order to avoid the relevant deductions, withholding or illegality (but without any obligation to do so) use its reasonable endeavours to arrange the substitution of a company incorporated under the laws of another jurisdiction approved by the Note Trustee as principal debtor under the Notes upon satisfying the conditions for substitution of the Issuer as set out in Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*). For the avoidance of doubt, the term “*Taxes*” in these Conditions shall include any withholding or deduction imposed under (i) sections 1471 to 1474 of the United States Internal Revenue Code of 1986 or any associated regulations or other official guidance, (ii) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of (i) above, or (iii) any agreement pursuant to the implementation of (i) or (ii) above with the US Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction.

If the Issuer elects not to seek to avoid the relevant deductions, withholding or illegality, or is unable to arrange a substitution as described above having used reasonable endeavours to do so and, as a result, the relevant deduction or withholding or illegality is continuing then the Issuer may, provided that a

Note Acceleration Notice has not been delivered, upon giving not more than 15 nor fewer than 5 Business Days' prior written notice (which notice shall be irrevocable) to the Note Trustee, the Issuer Security Trustee, the Issuer Secured Creditors and the Noteholders in accordance with Condition 16 (*Notice to and Communication between Noteholders*), redeem all (but not some only) of the Notes on any date at their Principal Amount Outstanding plus accrued but unpaid interest thereon up to but excluding the date of redemption.

Prior to giving any notice of redemption pursuant to this Condition 5(c) (*Optional Redemption for Tax or Other Reasons*), the Issuer shall deliver to the Note Trustee a certificate signed by two directors of the Issuer stating that (x) one or more of the events described in sub-paragraphs (i) to (v) above is continuing and that the effect of the relevant event cannot be avoided by the Issuer taking reasonable measures available to it; and (y) the Issuer will have the necessary funds to pay all principal and interest due, if any, in respect of the Notes on the relevant Note Payment Date and to discharge all other amounts required to be paid by it on the relevant Note Payment Date in priority to, or *pari passu* with, the Notes under the Issuer Priority of Payments.

The Note Trustee shall be entitled to accept and rely without further enquiry on any certificate referred to in this Condition 5(c) as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders and the Couponholders.

**(d) Optional Redemption in Full**

Upon giving not more than 60 nor fewer than 30 days' prior written notice to the Note Trustee, the Issuer Security Trustee, the Issuer Secured Creditors and the Noteholders, in accordance with Condition 16 (*Notice to and Communication between Noteholders*) and provided that on the Note Payment Date on which such notice expires, no Note Acceleration Notice has been served, and further provided that the Issuer has, prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to discharge on such Note Payment Date all of its liabilities in respect of the Notes to be redeemed under this Condition 5(d) and any amount required under the Issuer Cash Management Agreement, the Note Trust Deed and the Issuer Deed of Charge to be paid on such Note Payment Date which rank prior to, or *pari passu* with, the Notes, which certificate shall be conclusive and binding and further provided that the then aggregate Principal Amount Outstanding of all the Notes is less than 10 per cent. of their aggregate Principal Amount Outstanding as at the Closing Date, the Issuer may redeem on such Note Payment Date all of the Notes, in an amount equal to their then aggregate Principal Amount Outstanding plus interest accrued and unpaid thereon.

**(e) Principal Amount Outstanding**

On each Determination Date, the Issuer Cash Manager shall calculate the Principal Amount Outstanding of each Note for the Note Interest Period commencing on the next following Note Payment Date (after deducting any principal payment to be paid on such Note on that Note Payment Date). Such determination by the Issuer Cash Manager of the Principal Amount Outstanding of a Note shall (in the absence of gross negligence, fraud or wilful default) be final and binding on all persons.

The "**Principal Amount Outstanding**" of a Note on any date will be its original face amount on the Closing Date less the aggregate amount of principal repayments and prepayments made in respect of that Note since the Closing Date.

The Issuer will cause each determination of a Principal Amount Outstanding to be notified in writing forthwith to the Note Trustee, the Issuer Cash Manager, the Paying Agents, the Rating Agencies, the Agent Bank and (for so long as the Notes are listed on the Irish Stock Exchange) the Irish Stock Exchange and will cause notice of each determination of a Principal Amount Outstanding to be given to the Noteholders in accordance with Condition 16 (*Notice to and Communication between Noteholders*) as soon as reasonably practicable thereafter.

If the Issuer Cash Manager does not at any time for any reason determine a Principal Amount Outstanding in accordance with the preceding provisions of this Condition 5(e), such Principal Amount Outstanding may be determined by the Note Trustee, in accordance with this Condition 5(e), and each

such determination or calculation shall be conclusive and shall be deemed to have been made by the Issuer or the Issuer Cash Manager, as the case may be and the Note Trustee shall have no liability in respect thereof.

**(f) Notice of Redemption**

Any such notice as is referred to in Conditions 5(c) (*Optional Redemption for Tax or Other Reasons*) or 5(d) (*Optional Redemption in Full*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the Notes in the amounts specified in these Conditions. After the provision of such notice by the Issuer, together with any unmatured Coupons or Talons appertaining thereto, the Issuer will cause notice of redemption of the Notes to be given to the Irish Stock Exchange (for so long as the Notes are listed on the Irish Stock Exchange).

**(g) Cancellation**

All Notes redeemed in full pursuant to the foregoing provisions will be cancelled forthwith and may not be resold or re-issued.

**(h) No Purchase by Issuer; Purchase by the Borrower**

The Issuer will not be permitted to purchase any of the Notes.

Prior to the second anniversary of the Closing Date, any Notes purchased by or for the benefit of the Borrower shall not be surrendered to the Issuer. After the second anniversary of the Closing Date, any Notes purchased by or for the benefit of the Borrower shall be surrendered to or to the order of the Principal Paying Agent for cancellation and shall be cancelled forthwith and the obligations of the Issuer in respect of such Notes shall be discharged.

The Borrower may not purchase any Notes whilst there is an ongoing Loan Event of Default.

**(i) Notice to Swap Providers**

The Issuer shall notify the Swap Providers promptly upon the Issuer giving any notice in connection with any redemption of part or all of the Notes by the Issuer pursuant to this Condition 5 (*Redemption and Cancellation*).

**6. Payments**

**(a) Global Notes**

Payments in respect of principal, Early Redemption Premium (if any) and interest in respect of any Global Note will be made only against the presentation of the Global Note to or to the order of the Principal Paying Agent at the specified office of the Principal Paying Agent (subject, in the case of a Temporary Global Note, to certification of non U.S. beneficial ownership as provided in such Temporary Global Note). A record of each payment of interest and/or principal and/or Early Redemption Premium made in respect of a Global Note will be made on the Global Note by the Principal Paying Agent and such record shall be prima facie evidence that the relevant payment has been made. No person appearing from time to time in the records of Clearstream, Luxembourg, or of Euroclear as the holder of a Note shall have any direct claim against the Issuer in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note.

**(b) Definitive Notes**

Payments of principal, Early Redemption Premium (if any) and interest in respect of the Definitive Notes will (subject as provided in Conditions 6(c) and 6(e) below) be made only against presentation and surrender of the relevant Coupons or Talons at the specified office of any Paying Agent.

Each such payment will be made in sterling at the specified office of the Principal Paying Agent by sterling cheque drawn on or, at the option of the holder, by transfer to a sterling account maintained by the payee with a bank in London.

**(c) Laws and Regulations**

Payments of principal, interest and Early Redemption Premium (if any) in respect of the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

**(d) Unmatured Coupons and Talons Void**

On the date upon which any Note becomes due and payable in full, unmaturing Coupons and Talons (if any) appertaining thereto (whether or not attached to such Note) shall become void and no payment shall be made in respect thereof. If the due date for redemption of any Note is not a Note Payment Date, accrued interest will be paid only against presentation and surrender of the relevant Note.

**(e) Laws and Regulations**

Payments of principal, interest and Early Redemption Premium (if any) in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

**(f) Overdue Principal Payments**

If repayment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note or part thereof in accordance with Condition 4(a) (*Interest - Period of Accrual*) will be paid against presentation of such Note at the specified office of any Paying Agent, and in the case of any Definitive Note, will be paid in accordance with Condition 6(b) (*Payments - Definitive Notes*).

**(g) Change of Agents**

The Principal Paying Agent is Deutsche Bank AG, London Branch at its offices at Winchester House, 1 Great Winchester Street, London, EC2N 2DB. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent and the Agent Bank and to appoint additional or other Agents. The Issuer will cause at least 30 days’ notice of any change in or addition to the Paying Agents or their specified offices to be given to the Noteholders in accordance with Condition 16 (*Notice to and Communication between Noteholders*). The Issuer will maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to European Union Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive.

**(h) Presentation on Non-Business Days**

If any Note is presented (if required) for payment on a day which is not a business day in the place where it is so presented, payment shall be made on the next succeeding day that is a business day (unless such business day falls in the next succeeding calendar month in which event the immediately preceding business day) and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Note. For the purposes of Condition 5 (*Redemption and Cancellation*) and this Condition 6, “**business day**” shall mean, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in that place.

**(i) Accrual of Interest on Late Payments**

If any payment of interest, principal or any other amount in respect of the Notes is not made when due and payable (other than because the due date is not a business day (as defined in Condition 6(h) (*Presentation on Non-Business Days*)) or by reason of non-compliance with Condition 6(a) (*Global Notes*) or Condition 6(b) (*Definitive Notes*)), then such unpaid amount shall itself bear interest at the applicable Rate of Interest to (but excluding) the date on which payment in full of the relevant unpaid amount (together with interest accrued thereon) is made and notice thereof has been duly given to the Noteholders in accordance with Condition 16 (*Notice to and Communication between Noteholders*), provided that such unpaid amount and interest thereon are, in fact, paid.

**(j) Incorrect Payments**

The Issuer Cash Manager will (on behalf of the Issuer), from time to time, notify Noteholders in accordance with the terms of Condition 16 (*Notice to and Communication between Noteholders*) of any Over-payment or Under-payment of which it has actual notice made on any Note Payment Date to any party entitled to the same pursuant to the Issuer Pre-Enforcement Priority of Payments. Following the giving of such a notice, the Issuer Cash Manager shall rectify such over-payment or under-payment by increasing or, as the case may be decreasing payments to any party that has received an over-payment and making corresponding increased payments to any party that has received an under-payment on each subsequent Note Payment Date. Any notice of over-payment or under-payment pursuant to this Condition shall contain reasonable details of the amount of the same, the relevant parties and the adjustments to be made to future payments to rectify the same. Neither the Issuer nor the Issuer Cash Manager shall have any liability to any person for making any such correction.

**7. Taxation**

All payments in respect of the Notes will be made without withholding or deduction for or on account of any Taxes unless the Issuer or any relevant Paying Agent is required by applicable law in any jurisdiction to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment subject to withholding or deduction and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

**8. Prescription**

Claims for principal and any Early Redemption Premium in respect of the Global Note shall become void unless the Global Note is presented for payment within ten years of the appropriate relevant date. Claims for interest in respect of the Global Note shall become void unless the Global Note is presented for payment within five years of the appropriate relevant date.

Claims for principal and any Early Redemption Premium in respect of Definitive Notes shall become void unless made within ten years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date.

In this Condition 8, the “**relevant date**” means the date on which a payment first becomes due, but if the full amount of the moneys payable has not been received by the relevant Paying Agent or the Note Trustee on or prior to such date, it means the date on which the full amount of such moneys shall have been so received, and notice to that effect shall have been duly given to the Noteholders in accordance with Condition 16 (*Notice to and Communication between Noteholders*).

## 9. Note Events of Default

### (a) Events

If any of the events mentioned in sub-paragraphs (A) to (E) inclusive below (each such event being, a “**Note Event of Default**”) shall occur and be continuing, the Note Trustee in its absolute discretion and without notice may, and if either:

- (i) so requested in writing by Noteholders holding not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes then outstanding; or
- (ii) so directed by or pursuant to an Extraordinary Resolution of the Noteholders,

shall, subject to the Note Trustee being indemnified and/or secured and/or prefunded to its satisfaction, give notice (a “**Note Acceleration Notice**”) to the Issuer and the Issuer Security Trustee (with a copy to the Borrower Security Trustee and the Swap Providers) declaring all the Notes to be immediately due and repayable and the Issuer Security enforceable:

- (A) default is made for a period of three days in the payment of principal when due or default is made for a period of five days in the payment of interest when due on the Notes then outstanding, in each case when and as the same becomes due and payable in accordance with these Conditions; or
- (B) the Issuer defaults in the performance or observance of any other obligation or there is a misrepresentation or a breach of warranty by the Issuer under the Notes, the Note Trust Deed, the Issuer Deed of Charge or the other Issuer Transaction Documents to which it is party and, (i) is in the opinion of the Note Trustee incapable of remedy, or (ii) in the opinion of the Note Trustee, capable of remedy but remains unremedied for a period of 30 Business Days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (C) by reason of a change in law, it becomes unlawful for the Issuer to perform any of its obligations under any Issuer Transaction Document (other than the Issuer/Borrower Facility Agreement); or
- (D) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 9(a)(ii)(D) below, ceases or, consequent upon a resolution of the board of directors of the Issuer, threatens to cease to carry on business or (in the opinion of the Note Trustee) a substantial part of its business or the Issuer is or is deemed unable to pay its debts as and when they fall due; or
- (E) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Note Trustee in writing or by an Extraordinary Resolution of the Noteholders then outstanding; or
- (F) proceedings shall be initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice to appoint an administrator) and such proceedings are not, in the opinion of the Note Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order shall be granted or the appointment of an administrator takes effect or an administrative receiver or other receiver, liquidator or other similar official shall be appointed (or formal notice is given of an intention of appoint an administrator) in relation to the Issuer or any part of its undertaking, property or assets, or an encumbrancer shall take possession of all or any part of the undertaking, property or assets of the Issuer, or a distress, execution, diligence or other process shall be levied or enforced upon or sued against all or any part of the undertaking, property or assets of the

Issuer and such appointment, possession or process is not discharged or does not otherwise cease to apply within 15 days, or the Issuer (or the shareholders of the Issuer) initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of or a composition or similar arrangement with its creditors generally or takes steps with a view to obtaining a moratorium in respect of any of the indebtedness of the Issuer,

provided that in the case of each of the events described in Condition 9(a)(B) above, the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of holders of the Notes then outstanding and it shall have been indemnified and/or secured and/or prefunded to its satisfaction against any Indemnified Loss to which it may thereby become liable or which it may incur by doing so.

**(b) Effect of Note Acceleration Notice**

Upon the giving of a Note Acceleration Notice in accordance with Condition 9(a) all the Notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest as provided in the Note Trust Deed and the Issuer Security shall become enforceable.

**10. Enforcement**

**(a) Enforcement of Issuer Security**

At any time after a Note Acceleration Notice has been given, the Note Trustee may at its discretion and without notice, or shall if directed to do so by either (i) an Extraordinary Resolution of the Noteholders or (ii) a notice in writing signed by holders of Notes outstanding constituting at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes then outstanding (provided that it has been indemnified and/or secured and/or pre-funded to its satisfaction):

- (A) take such proceedings and/or other action or steps against or in relation to the Issuer or any other person as it may think fit to enforce the provisions of the Notes, the Note Trust Deed, these Conditions and the other Issuer Transaction Documents to which it is a party; and
- (B) direct the Issuer Security Trustee to take such steps as it may think fit to enforce the Issuer Security.

**(b) Enforcement of Borrower Security**

At any time after the occurrence of a Loan Event of Default, subject to the provisions of the Servicing Agreement, if the Servicer or Special Servicer (as applicable) is not able to perform its duties under the Servicing Agreement, the Note Trustee may at its discretion and, without notice, direct the Issuer Security Trustee to direct the Borrower Security Trustee to take such steps as it may think fit to enforce the Borrower Security.

**(c) Direction of Noteholders**

The Note Trustee shall not be bound to direct the Issuer Security Trustee under Condition 10(a) or Condition 10(b) and the Issuer Security Trustee shall not be bound to direct the Borrower Security Trustee under Condition 10(b) to take any such proceedings, actions or steps unless:

- (A) unless the Note Trustee is directed to do so (i) by an Extraordinary Resolution of the Noteholders or (ii) by a notice in writing signed by the holders of Notes outstanding constituting at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes then outstanding; and
- (B) each of the Note Trustee, the Issuer Security Trustee and the Borrower Security Trustee (as the case may be) has been indemnified and/or secured and/or prefunded to its satisfaction

against all actions, proceedings, judgments, claims and demands to which it may thereby render itself liable and all liabilities, losses, costs, charges, damages and expenses (including any VAT or similar tax charged thereon ) which it may incur by so doing.

Any decision taken pursuant to this Condition 10 (*Enforcement*) shall be binding on all Noteholders.

#### **11. Limit on Noteholder Action, Limited Recourse and Non-Petition**

Other than as provided in this Condition 11, no Noteholder shall be entitled to seek to enforce the Issuer Security, provided that if either (i) the Note Trustee fails to request the Issuer Security Trustee to take enforcement action as contemplated by the Issuer Deed of Charge or (ii) the Issuer Security Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing, the holders of Notes outstanding constituting not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes then outstanding may instruct the Issuer Security Trustee to take enforcement steps in relation to the Issuer Security. The Issuer Security Trustee will not be required to enforce the Issuer Security at the request of any Issuer Secured Creditor other than the Note Trustee (or, in the circumstances described in the preceding paragraph, the Noteholders).

The only assets of the Issuer available to meet the claims of, amongst others, the Noteholders will be the assets subject to the Issuer Security. Any claim (other than those for which a provision has been made in accordance with the applicable Priority of Payments) remaining unsatisfied after the realisation of the Issuer Charged Property whether or not through the enforcement of the Issuer Security and the application of the proceeds thereof in accordance with the applicable Priority of Payments shall be extinguished and the Notes and Coupons shall be surrendered in accordance with Condition 6 (*Payments*) and cancelled in accordance with Condition 5 (*Redemption and Cancellation*). Following any such surrender and cancellation, the Noteholders shall have no further claim against the Issuer.

Subject to the Issuer Security Trustee's rights and powers under the Issuer Deed of Charge, none of the Note Trustee, the Noteholders or the Issuer Secured Creditors will be entitled to petition or take any action or other steps or legal proceedings for the winding-up, dissolution, court protection, reorganisation, liquidation, bankruptcy or insolvency of the Issuer or for the appointment of an administrator, manager, administrative receiver, trustee, liquidator, sequestrator or similar officer in respect of the Issuer or any of its revenues or assets provided that the Note Trustee or the Issuer Security Trustee may prove or lodge a claim in the liquidation of the Issuer initiated by another party and provided further that the Note Trustee or the Issuer Security Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Issuer Deed of Charge or the other Issuer Transaction Documents.

None of the Noteholders or any of the other parties to the Issuer Transaction Documents will have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of the Notes, the Issuer Deed of Charge, or any other Issuer Transaction Document to which it is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

Nothing in this Condition shall affect a payment under the Notes from falling due for the purposes of Condition 9 (*Note Events of Default*).

#### **12. Note Maturity Plan**

If the Loan remains outstanding on the date which is six months prior to the Final Maturity Date and, in the opinion of the Special Servicer, all recoveries then anticipated by the Special Servicer with respect to the Loan (whether by enforcement of the Borrower Security or otherwise) are unlikely to be realised in full prior to the Final Maturity Date, the Special Servicer will be required to prepare and present a selection of proposals relating to the final disposal or other resolution of the Loan, which assumes that the Notes are not repaid on their Final Maturity Date (the "**Note Maturity Plan**") and present the same to the Issuer, the Note Trustee and the Issuer Security Trustee no later than 45 days after such date. At least one proposal provided by the Special Servicer must be that the Issuer Security Trustee, at the cost

of the Issuer, will engage an independent financial adviser or a receiver to advise the Issuer Security Trustee as to the enforcement of the Issuer Security.

Upon receipt of the draft Note Maturity Plan, the Note Trustee will convene, at the cost of the Issuer, a meeting of the Noteholders at which the Noteholders will have the opportunity to discuss the various proposals contained in the Note Maturity Plan with the Special Servicer. Following such meeting, the Special Servicer will, if so requested, reconsider the Note Maturity Plan and make modifications thereto to address the views of Noteholders (subject to the Servicing Standard) following which it shall provide a final Note Maturity Plan to the Issuer, the Noteholders, the Note Trustee and the Issuer Security Trustee. If at the time of the meeting to consider the final Note Maturity Plan, the latest Valuation would be 12 months or more old, then the Servicer or, as the case may be, the Special Servicer will request the preparation of a new Valuation to be made available at that meeting.

Upon receipt of the final Note Maturity Plan, the Note Trustee will either (at the direction of the Special Servicer) convene, at the cost of the Issuer, a meeting of the Noteholders at which the Noteholders will be requested to select their preferred option among the proposals set forth in the final Note Maturity Plan and/or request (at the cost of the Issuer) the approval of the Noteholders of their preferred option amongst the proposals set out in the final Note Maturity Plan by way of Written Resolution (the Note Trustee shall be entitled to state that if such Written Resolution is obtained before the meeting, the meeting will not take place). The Special Servicer will implement the proposal that receives the approval of the holders of the Notes then outstanding by way of Ordinary Resolution (or an Extraordinary Resolution if a Basic Terms Modification is included in the final Note Maturity Plan). If no option receives the approval of the holders of the Notes then outstanding at such meeting, then on the Final Maturity Date, the Note Trustee will be deemed to be directed by all of the Noteholders to instruct the Issuer Security Trustee to appoint a receiver in order to realise the Issuer Charged Property in accordance with the Issuer Deed of Charge provided that it will have no obligation to do so if it shall not have been indemnified and/or secured and/or prefunded to its satisfaction.

### **13. Meetings of Noteholders, Modification and Waiver and Substitution**

#### **(a) Convening Meetings**

The Note Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution or Ordinary Resolution, as appropriate, of, among other things, the removal of the Note Trustee, the Issuer Security Trustee, the Servicer, the Special Servicer and a modification of the Notes or the Note Trust Deed (including these Conditions) or the provisions of any of the other Issuer Transaction Documents.

These provisions allow the Issuer, the Note Trustee, the Servicer or the Special Servicer to convene Noteholder meetings for any purpose including consideration of Extraordinary Resolutions or Ordinary Resolutions and provided that at least 14 clear days' (or, in the case of an adjourned meeting at least 7 clear days') notice of such meeting be given to Noteholders in accordance with Condition 16 (*Notice to and Communication between Noteholders*). The Note Trustee shall subject to being indemnified and/or secured and/or prefunded to its satisfaction be obliged to convene a meeting of Noteholders if requested to do so in writing by the holders of Notes outstanding constituting at least ten per cent. of the Principal Amount Outstanding of the Notes then outstanding.

An Extraordinary Resolution or an Ordinary Resolution of the Noteholders shall be binding on all of the Noteholders irrespective of the effect upon them.

#### **(b) Quorum**

Subject as provided below, the quorum at any meeting of the Noteholders or persons present holding voting certificates or being proxies, for passing an Extraordinary Resolution or an Ordinary Resolution shall be one or more persons holding or representing Notes outstanding constituting not less than 50.1 per cent. in Principal Amount Outstanding of the Notes or, at any adjourned meeting, one or more persons being or representing Noteholders holding or representing Notes outstanding whatever the

Principal Amount Outstanding of Notes outstanding or, as the case may be, the Notes outstanding so held or represented.

The quorum at any meeting of the Noteholders for passing an Extraordinary Resolution that would have the effect of sanctioning:

- (i) a modification of the date of maturity of the Notes;
- (ii) a change in the amount of principal or the rate or amount of interest or Early Redemption Premium payable in respect of the Notes;
- (iii) a modification of the method of calculating the amount payable or the date of payment in respect of any interest or principal or Early Redemption Premium in respect of the Notes;
- (iv) any alteration of the currency of payment of the Notes;
- (v) a release of the Issuer Security (or any part thereof) or a modification of any provisions in respect of the Issuer Security, other than in accordance with the Issuer Transaction Documents;
- (vi) any of the matters referred to in Clauses 9.1(a), (b) and (c) (*Modifications, Waivers, Amendments and Consents*) of the Servicing Agreement;
- (vii) a modification to Clause 9.1 (*Modifications, Waivers, Amendments and Consents*) or Clause 13.8 (Operating Adviser) of the Servicing Agreement;
- (viii) a change to the quorum required at any meeting of Noteholders or the majority required to pass an Ordinary Resolution or Extraordinary Resolution;
- (ix) the exchange, conversion or substitution of any the 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;
- (x) a change to any of the Issuer Priorities of Payments insofar as such alteration would affect the Notes; or
- (xi) a modification of this definition of “Basic Terms Modification” or the quorum or majority required to effect a Basic Terms Modification,

(each, a “**Basic Terms Modification**” shall be one or more persons holding Notes outstanding or voting certificates in respect thereof or proxies representing not less than 75 per cent. of the Principal Amount Outstanding of the Notes for the time being outstanding, or at any adjourned such meeting, not less than 33 $\frac{1}{3}$  per cent. of the Principal Amount Outstanding of the Notes for the time being outstanding.

**(c) Rating Agency Confirmations**

Pursuant to the Issuer Transaction Documents, the implementation of certain matters will or might (at the request of the Note Trustee), be subject to the receipt of written confirmation from each Rating Agency then rating the Notes (who give such confirmations as a part of their mandate), in respect of the Notes, to the effect that the current ratings of the Notes would not be reduced below the lower of (a) the ratings assigned to the Notes on the Closing Date (the “**Initial Rating**”) or (b) the then current credit rating (before the proposed action), it being acknowledged that there is no obligation on any Rating Agency to provide any such confirmation (a “**Rating Agency Confirmation**”). Any request for a Rating Agency Confirmation shall be given in electronic form to the relevant Rating Agency or Rating Agencies.

If, following discussions with any Rating Agency then rating the Notes, the Issuer provides written certification to the Note Trustee that, as at the date of such certificate, the relevant Rating Agency:

- (a) (i) has not responded to a request to provide a Rating Agency Confirmation within 10 Business Days after such request was made; and
- (ii) has not responded to a second request to provide a Rating Agency Confirmation, in respect of the same matter within 5 Business Days after such second request was made (such second request not to be made fewer than 10 Business Days after the first request is made); or
- (b) has provided a waiver or acknowledgement indicating its decision not to review or otherwise declines to review the matter for which the Rating Agency Confirmation is sought, and
- (c) in connection with either (a) or (b) above, the Issuer has received no indication from that Rating Agency that the then current ratings of the Notes rated thereby would be qualified, downgraded, withdrawn or put on negative watch as a result of such matter,

the requirement for the Rating Agency Confirmation from the relevant Rating Agency with respect to such matter shall be deemed not to apply and the Note Trustee shall not be liable for any loss that Noteholders or any party to the Issuer Transaction Documents may suffer as a result.

**(d) Disenfranchised Holders**

For the purposes of determining how many and which Notes are for the time being outstanding for the purposes of (i) the quorum at any meeting of Noteholders considering an Extraordinary Resolution or an Ordinary Resolution or the majority of votes cast at such meeting; (ii) the holders of Notes giving any direction to the Note Trustee (or any other party); (iii) the majorities required for any Written Resolution; (iv) the Note Trust Deed and the Conditions; (v) any discretion, power or authority (whether contained in the Note Trust Deed or vested by operation of law) which the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any of them; (vi) the determination by the Note Trustee whether any of the events specified in Condition 9 (*Note Events of Default*) is materially prejudicial to the interests of the holders of the Notes then outstanding or (vii) the election of an Operating Adviser, those Notes which are for the time being held by or on behalf of or for the benefit of each of the Obligor, WCL, WAML in its capacity as responsible entity and trustee of each of WAT and WFDT and their respective subsidiaries, in each case as beneficial owner, (each such person, a “**Disenfranchised Holder**”) shall (unless and until ceasing to be so held) be treated as if they were not outstanding and shall not be counted in or towards any required quorum or majority.

Notwithstanding any provision to the contrary in these Conditions, the Note Trust Deed or the other Issuer Transaction Documents, at any time that any of the Notes remains outstanding, where the Noteholders are required to consent or provide directions with respect to a modification of, or waiver or consent in relation to, the Borrower Transaction Documents by Extraordinary Resolution or a vote of the Ad Hoc Noteholder Committee, the Servicer or Special Servicer as applicable, will require that it will be a condition precedent to the implementation of such modification, waiver or consent that each person who voted or counted in the quorum in any meeting of Noteholders, or otherwise provided any such consent or direction provides a written confirmation that it was not, at the time of such vote, quorum, consent or direction a Disenfranchised Holder.

**(e) Written Resolutions**

A Written Resolution shall take effect as if it were an Extraordinary Resolution or an Ordinary Resolution (as the case may be) and shall be binding on all Noteholders.

**(f) Negative Consent**

The Issuer, the Note Trustee, the Servicer or the Special Servicer may propose an Extraordinary Resolution or an Ordinary Resolution of the Noteholders relating to any matter for consideration and approval by Negative Consent by the Noteholders, other than:

- (i) an Extraordinary Resolution relating to a Basic Terms Modification;
- (ii) an Ordinary Resolution or an Extraordinary Resolution (as the case may be) relating to a Note Maturity Plan;
- (iii) the waiver of any Note Event of Default
- (iv) the acceleration of the Notes;
- (v) the enforcement of the Issuer Security; or
- (vi) any matter which is subject to the provisions of Condition 13(h) (*Additional Rights of Modification without Noteholder Consent*).

“**Negative Consent**” means, in relation to an Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification, an Extraordinary Resolution relating to a Note Maturity Plan, the waiver of any Note Event of Default, the acceleration of the Notes or the enforcement of the Issuer Security) or an Ordinary Resolution (other than an Ordinary Resolution relating to a Note Maturity Plan) and other than any matter which is subject to the provisions of Condition 13(h) (*Additional Rights of Modification without Noteholder Consent*), the process whereby such Extraordinary Resolution or Ordinary Resolution shall be deemed to be duly passed and shall be binding on all of the Noteholders in accordance with its terms where:

- (A) notice of such Extraordinary Resolution or Ordinary Resolution, as applicable, (including the full text of the same) has been given by the Issuer, the Note Trustee, the Servicer or the Special Servicer to the Noteholders in accordance with the provisions of Condition 16 (*Notice to and Communication between Noteholders*);
- (B) such notice contains a statement:
  - (I) inviting Noteholders to inform the Note Trustee in writing if they object to such Extraordinary Resolution or Ordinary Resolution, stating that unless holders of (i) in the case of an Extraordinary Resolution, Notes outstanding constituting 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes; or (ii) in the case of an Ordinary Resolution, Notes outstanding constituting 50 per cent. or more in aggregate Principal Amount Outstanding of the Notes outstanding, make such objection, the Extraordinary Resolution or Ordinary Resolution will be deemed to be passed by the Noteholders; and
  - (II) specifying the requirements for the making of such objections (including addresses, email addresses and deadlines) as further set out in the following paragraph; and
- (C) holders of:
  - (I) in the case of an Extraordinary Resolution, Notes outstanding constituting 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes; or
  - (II) in the case of an Ordinary Resolution, Notes outstanding constituting 50 per cent. or more in aggregate Principal Amount Outstanding of the Notes,

have not informed the Note Trustee in writing of their objection to such Extraordinary Resolution or Ordinary Resolution within 30 days of the date of the relevant notice.

Any notice containing the text of an Extraordinary Resolution or an Ordinary Resolution shall for so long as any Notes are listed in the Irish Stock Exchange, be made available to any Regulatory Information Service maintained by the Irish Stock Exchange.

**(g) Modifications and Waivers without Noteholder Consent**

Subject to Condition 13(h), the Note Trustee may, at any time, without the consent or sanction of the Noteholders or the Couponholders, agree, or instruct the Issuer Security Trustee to agree to any modification (except a Basic Terms Modification) of the Note Trust Deed (including these Conditions) or any of the other Transaction Documents to which the Note Trustee or the Issuer Security Trustee is party, over which the Issuer Security Trustee has been granted security or otherwise in relation to which its consent is required, which, in the opinion of the Note Trustee, is:

- (i) not materially prejudicial to the interests of the Noteholders (for so long as any of the Notes remains outstanding); or
- (ii) to correct a manifest error or is of a formal, minor or technical nature.

Subject to certain restrictions set out in the Note Trust Deed, the Note Trustee may at any time and from time to time in its sole discretion without the consent or sanction of the Noteholders and without prejudice to its rights in respect of any subsequent breach, condition, event or act from time to time and at any time but only if and in so far as in its opinion the interests of the holders of the Notes then outstanding would not be materially prejudiced thereby:

- (A) authorise or waive, or instruct the Issuer Security Trustee to authorise or waive, on such terms and subject to such conditions as it considers appropriate, any breach or proposed breach of the Note Trust Deed (including these Conditions) or any other Transaction Document to which the Note Trustee or the Issuer Security Trustee is party, over which the Issuer Security Trustee has been granted security or otherwise in relation to which its consent is required ; or
- (B) determine that any event that would otherwise constitute a Note Event of Default shall not, or shall not subject to such conditions as it considers appropriate, be treated as such for the purposes of the Note Trust Deed (including these Conditions) and any other Issuer Transaction Document.

The Note Trustee shall be entitled to assume that any such modification specified in this Condition 13(g) is not materially prejudicial to the interests of the Noteholders for the purposes of this Condition 13(g) provided that the Note Trustee has received a certificate of the Issuer stating that such modification is or is deemed to be binding on the Noteholders in accordance with Condition 13(i) (*Ad Hoc Noteholder Committee*) or Condition 13(j) (*Operating Adviser*), as the case may be.

Any such modification, waiver, authorisation or determination shall be binding on the Note Trustee, the Noteholders and, unless the Note Trustee agrees otherwise, any such modification, waiver, authorisation or determination shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16 (*Notice to and Communication between Noteholders*).

**(h) Additional Right of Modification without Noteholder Consent**

Notwithstanding the provisions of this Condition 13 (*Meetings of Noteholders, Modification and Waiver, and Substitution*), Clause 17 (other than Clause 17.5 (*Modification*)) of the Note Trust Deed and Clause 23 (*Modification, Waiver and Consents*) of the Issuer Deed of Charge, the Note Trustee shall be obliged, without any consent or sanction of the Noteholders, or, subject to paragraph (iii)(C) below, any of the other Issuer Secured Creditors, to concur with the Issuer in making or instructing the Issuer Security Trustee to make any modification (other than in respect of a Basic Terms Modification) to these Conditions or any other Issuer Transaction Document to which it is a party or in relation to which the Issuer Security Trustee holds security that the Issuer considers necessary:

- (i) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:
  - (A) the Issuer certifies in writing to the Note Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
  - (B) in the relevant case of any modification to an Issuer Transaction Document proposed by either of the Swap Providers in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
    - (I) the relevant Swap Provider certifies in writing to the Issuer or the Note Trustee that such modification is necessary for the purposes described in (x) and/or (y) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Note Trustee that it has received the same from the Swap Provider);
    - (II) either:
      - (1) the relevant Swap Provider obtains from each of the Rating Agencies written confirmation (or certifies in writing to the Issuer and the Note Trustee that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Notes by such Rating Agency and would not result in any Rating Agency placing the Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer and the Note Trustee; or
      - (2) the Issuer certifies in writing to the Note Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Notes by such Rating Agency or (y) such Rating Agency placing the Notes on rating watch negative (or equivalent); and
    - (III) all costs and expenses (including legal fees) incurred by the Note Trustee in connection with such modification shall be reimbursed by the Issuer;
- (ii) for the purpose of enabling the Notes to be (or to remain) listed on the Stock Exchange, provided that the Issuer certifies to the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (iii) for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), provided that the Issuer or the relevant Transaction Party, as applicable, certifies to the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

(the certificate to be provided by the Issuer, the relevant Swap Provider or the relevant Transaction Party, as the case may be, pursuant to paragraphs (i) to (iii) above being a “**Modification Certificate**”), provided that:

- (A) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee;
- (B) the Modification Certificate in relation to such modification shall be provided to the Note Trustee both at the time the Note Trustee is notified of the proposed modification and on the date that such modification takes effect; and
- (C) the consent of each Issuer Secured Creditor which has a right to consent to such modification pursuant to the provisions of the Issuer Deed of Charge has been obtained,

and provided further that, other than in the case of a modification pursuant to Condition 13(h)(i)(B):

- (I) either:
  - (1) the Issuer obtains from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); or
  - (2) the Issuer certifies in the Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); and
- (II) (1) the Issuer has provided at least 30 calendar days' notice to the Noteholders of the proposed modification in accordance with Condition 16 (*Notice to and Communication between Noteholders*), and (2) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding have not contacted the Note Trustee, the Issuer and the Principal Paying Agent in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Note Trustee that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding have notified the Note Trustee, the Issuer and the Principal Paying Agent in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders then outstanding is passed in favour of such modification in accordance with this Condition 13 (*Meetings of Noteholders, Modification and Waiver and Substitution*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Other than where specifically provided in this Condition 13(h) (*Meetings of Noteholders; Modification and Waiver and Substitution - Additional Right of Modification without Noteholder Consent*) or any Issuer Transaction Document:

- (a) when implementing any modification pursuant to this Condition 13(h) (*Meetings of Noteholders; Modification and Waiver and Substitution - Additional Right of Modification without Noteholder Consent*) (save to the extent that the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), the Note Trustee shall not consider the interests of the Noteholders, any other Issuer Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 13(h) (*Meetings of Noteholders; Modification and Waiver and Substitution - Additional Right of Modification without Noteholder Consent*), any other Issuer Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (b) the Note Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Note Trustee would have the effect of (i) exposing the Note Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee in the Issuer Transaction Documents and/or these Conditions.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (i) so long as any of the Notes is rated by the Rating Agencies remains Outstanding, each Rating Agency;
- (ii) the Issuer Secured Creditors; and
- (iii) the Noteholders in accordance with Condition 16 (*Notice to and Communication between Noteholders*).

**(i) Ad Hoc Noteholder Committee**

A decision of the Ad Hoc Noteholder Committee taken pursuant to the Servicing Agreement will be binding on all Noteholders and, subject to the provisions of the Note Trust Deed, the Note Trustee.

**(j) Operating Adviser**

The Noteholders may by way of an Ordinary Resolution with notice in writing to the Note Trustee and the Issuer Security Trustee (each such notice, a “**Notice of Appointment**”), subject to each of the relevant Noteholders establishing its holding in such Notes to the satisfaction of the Note Trustee, appoint not more than one person to be their representative for the purposes of this Condition 13(j) and to represent the interests of all Noteholders when the Servicer or the Special Servicer is making decisions about the Borrower Finance Documents (each such person, an “**Operating Adviser**”). The Operating Adviser need not itself be a Noteholder. The Issuer Security Trustee will be required to notify the Servicing Entities in writing of the appointment and identity of an Operating Adviser appointed in accordance with this Condition 13(j) and as specified in the relevant Notice of Appointment. The appointment of any such Operating Adviser shall not take effect until the Issuer Security Trustee notifies the Servicing Entities in writing of its appointment.

Neither the Servicer nor the Special Servicer shall have any obligation to identify the individual Noteholders to inform them of their rights as such or to assist them in the appointment of an Operating Adviser. Should the Noteholders fail to appoint an Operating Adviser (or an Operating Adviser resigns or is terminated and is not replaced), the Noteholders shall be deemed to have waived any rights which the Operating Adviser would have had under the Servicing Agreement without prejudice to the rights of the Noteholders.

The Operating Adviser shall not have any liability to the Issuer, any Noteholder, the Note Trustee, the Issuer Security Trustee or any other party for any action taken, or for refraining from taking any action in good faith or for any error of judgment. Any Operating Adviser so appointed shall have the rights set forth in the Servicing Agreement. Any such Operating Adviser shall, unless instructed to the contrary in writing by the majority of Noteholders, be entitled in its sole discretion to exercise all of the rights given to it pursuant to the Servicing Agreement as it sees fit.

The Noteholders may, acting by Ordinary Resolution, elect with notice in writing to: (a) the Issuer, the Note Trustee and the Issuer Security Trustee; and (b) the Servicing Entities, terminate the appointment of any Operating Adviser. Any Operating Adviser may retire by giving not fewer than 21 days' notice in writing to: (a) the Noteholders (in accordance with the terms of Condition 16 (*Notice to and Communication between Noteholders*)), the Issuer, the Note Trustee and the Issuer Security Trustee; and (b) the Servicing Entities.

A decision of the Operating Adviser taken pursuant to the Servicing Agreement will be binding on all Noteholders and, subject to the provisions of the Note Trust Deed, the Note Trustee.

An Ad Hoc Noteholder Committee and an Operating Adviser may not co-exist.

**(k) Conflicts**

Where the Note Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions, to have regard to the interests of the Noteholders, it shall have regard to the interests of the Noteholders as a class and, in particular, but without prejudice to the generality of the foregoing, the Note Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Note Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

**(l) Note Trustee Discretions**

The Note Trustee shall be entitled to determine, in its own opinion, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Notes, the Conditions or any of the Issuer Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders and in making such a determination shall be entitled to take into account, without enquiry, among any other things it may in its absolute discretion consider necessary and/or appropriate, any Rating Agency Confirmation (if available) in respect of such exercise. For the avoidance of doubt, such Rating Agency Confirmation or non-receipt of such Rating Agency Confirmation shall, however, not be construed to mean that any such action or inaction (or contemplated action or inaction) or such exercise (or contemplated exercise) by the Note Trustee of any right, power, trust, authority, duty or discretion under or in relation to the Notes, the Conditions or any of the Issuer Transaction Documents is not materially prejudicial to the interests of the Noteholders.

**(m) Substitution of Issuer**

The Note Trustee may, without the consent of the Noteholders or any other Issuer Secured Creditor, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute) as the principal debtor in respect of the Notes of another body corporate (being a single purpose vehicle) provided that each Rating Agency provides a Rating Agency Confirmation (it being acknowledged that there is no obligation on any Rating Agency to provide any such confirmation) prior to such substitution taking place and subject to satisfaction of certain other conditions set out in the Note Trust Deed (or suitable arrangements being put in place to ensure satisfaction of such conditions).

In the case of substitution of the Issuer, for so long as the Notes are listed on the Irish Stock Exchange and its rules so require, the Irish Stock Exchange shall be notified by the Issuer of such substitution, a supplemental offering circular will be prepared by the new principal debtor and filed with the Irish

Stock Exchange and notice of the substitution will be given to the Noteholders by the Issuer in accordance with Condition 16 (*Notice to and Communication between Noteholders*).

**(n) Proof of Holding**

Where, for the purposes of these Conditions, the Note Trustee or any other party to the Issuer Transaction Documents requires a Noteholder holding Notes through Euroclear or Clearstream, Luxembourg to establish its holding of the Notes to the satisfaction of such party, such holding shall be considered to be established if such Noteholder provides to the requesting party:

- (i) a Euclid Statement (in the case of Euroclear) or a Creation Online Statement (in the case of Clearstream, Luxembourg) in each case providing confirmation at the time of issue of the same of such person's holding in the Notes;
- (ii) if the relevant Notes are held through one or more custodians, a signed letter from each such custodian confirming on whose behalf it is holding such Notes such that the Note Trustee is able to verify to its satisfaction the chain of ownership to the beneficial owner; and,
- (iii) any other evidence of holding of the relevant Notes in a form acceptable to the Note Trustee.

If in connection with verifying its holding the Note Trustee requires a Noteholder to temporarily block its Notes in Euroclear or Clearstream, Luxembourg, such Noteholder will be required to instruct Euroclear or Clearstream, Luxembourg (via its custodian, if applicable) to do so.

**14. Indemnification and Exoneration of the Note Trustee and Issuer Security Trustee**

The Note Trust Deed, the Issuer Security Documents, the Servicing Agreement and certain of the other Issuer Transaction Documents contain provisions for indemnification of each of the Note Trustee and the Issuer Security Trustee and for their relief from responsibility, including provisions relieving them from taking any action including taking proceedings against the Issuer and/or any other person unless indemnified and/or secured and/or prefunded to their satisfaction.

Each of the Note Trustee and the Issuer Security Trustee or any of their Affiliates are entitled to enter into business transactions with the Issuer, the other Issuer Secured Creditors or any of their respective subsidiaries or associated companies without accounting for any profit resulting therefrom.

**15. Replacement of Global Notes and Definitive Notes**

If any Global Note or Definitive Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security and indemnity as the Issuer, the Paying Agent or the Note Trustee may reasonably require. Mutilated or defaced Global Notes or Definitive Notes must be surrendered before replacements will be issued.

**16. Notice to and Communication between Noteholders**

**(a) Valid Notices**

All notices, other than notices given in accordance with paragraphs (b) to (e) (inclusive) of this Condition 16 (*Notice to and Communication between Noteholders*), to Noteholders shall be deemed to have been validly given if:

- (i) for so long as the Notes are listed on a stock exchange, and the rules of such stock exchange or the Market Abuse Directive so require, or at the option of the Issuer, if delivered through the announcements section of the relevant stock exchange and a regulated information service maintained or recognised by such stock exchange; or

- (ii) for so long as the Notes are represented by Global Notes, and if, for so long as the Notes are listed on a stock exchange, the rules of such stock exchange so allow if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; or
- (iii) if Definitive Notes have been issued, if published in a leading daily newspaper printed in the English language and with general circulation in Ireland (which is expected to be *The Irish Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Note Trustee shall approve having a general circulation in Ireland and the rest of Europe.

**(b) Notices Deemed Given**

Any such notice shall be deemed to have been given on:

- (i) in the case of a notice delivered to the regulated information service of a stock exchange, the day on which it is delivered to such stock exchange;
- (ii) in the case of a notice delivered to Euroclear and/or Clearstream, Luxembourg, the day on which it is delivered to Euroclear and/or Clearstream, Luxembourg; and
- (iii) in the case of a notice published in a newspaper, the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required.

**(c) Publication in Newspaper**

If it is impossible or impractical to give notice in accordance with paragraphs (a)(i) or (ii) of Condition 16 (*Notice to and Communication between Noteholders*) then notice of the relevant matters shall be given in accordance with Condition 16(a)(iii) (*Notice to and Communication between Noteholders*).

**(d) Copies of Notices to Rating Agencies**

A copy of each notice given in accordance with this Condition 16 shall be provided by the Issuer to DBRS Ratings Limited (“**DBRS**”) and Fitch Ratings Limited (“**Fitch**” for so long as, in each case, such rating agency publishes credit ratings in relation to the Notes the “**Rating Agencies**”) to which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer, with the prior written approval of the Note Trustee, to provide a credit rating in respect of the Notes). For the avoidance of doubt, and unless the context otherwise requires, all references to “**rating**” and “**ratings**” in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies.

**(e) Other Methods for Notice**

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

**(f) Verified Noteholders**

Any Verified Noteholder shall be entitled from time to time to request the Issuer Cash Manager to post a notice on its investor reporting website requesting other Verified Noteholders to contact such Initiating Noteholder subject to and in accordance with the following provisions.

For these purposes, “**Verified Noteholder**” means a Noteholder which has satisfied the Issuer Cash Manager that it is a Noteholder in accordance with Condition 13(n) (*Meetings of Noteholders, Modification and Waiver and Substitution – Proof of Holding*).

Following receipt of a request for the publication of a notice from a Verified Noteholder (the “**Initiating Noteholder**”), the Issuer Cash Manager shall publish such notice on its investor reporting website as an addendum to any Issuer Cash Manager Quarterly Report or other report to Noteholders due for publication within 5 Business Days of receipt of the same (or, if there is no such report, through a special notice for such purpose as soon as is reasonably practical after receipt of the same) provided that such notice contains no more than:

- (i) an invitation to other Verified Noteholders to contact the Initiating Noteholder;
- (ii) the name of the Initiating Noteholder and the address, phone number, website or email address at which the Initiating Noteholder can be contacted; and
- (iii) the date(s) from, on or between which the Initiating Noteholder may be so contacted.

The Issuer Cash Manager shall not request any further or different information through this mechanism.

The Issuer Cash Manager shall have no responsibility or liability for the contents, completeness or accuracy of any such published information and shall have no responsibility (beyond publication of the same in the manner described above) for ensuring that Noteholders receive such published information.

#### **17. Privity of Contract**

The Notes do not confer any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

#### **18. Governing Law and Jurisdiction**

##### **(a) Governing Law**

The Issuer Transaction Documents and the Notes, and any non-contractual obligation arising from or in connection with them, will be governed by, and shall be construed in accordance with, English law.

##### **(b) Jurisdiction**

The courts of England are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the Note Trust Deed, the Issuer Deed of Charge, the Notes and the other Issuer Transaction Documents. The Issuer has in each of the Issuer Transaction Documents to which it is a party irrevocably submitted to the jurisdiction of the English courts.

## USE OF PROCEEDS

The net proceeds from the issue of the Notes will be approximately £750,000,000 which will be advanced by the Issuer to Borrower pursuant to the Issuer/Borrower Facility Agreement.

The Borrower will use the proceeds of the Loan for:

- (a) the repayment of the Existing Facilities;
- (b) the payment of fees, costs, expenses, stamp, registration and other taxes incurred in connection with the Issuer/Borrower Facility Agreement, the issuance of the Notes on the Closing Date and the repayment of the Existing Facilities (including, without limitation, any swap termination payments); and
- (c) any remaining amount, for its general corporate purposes (including, without limitation, payment of distributions).

## **FEES AND EXPENSES**

Fees and expenses relating to the application for admission of the Notes to trading on the regulated market of the Irish Stock Exchange are expected to be approximately €5,000.

## UNITED KINGDOM TAXATION

*The following is a general description of certain UK tax considerations relating to the Notes based on current law and practice in the UK. It does not purport to be a complete analysis of all tax considerations relating to the Notes. It relates to the position of persons who are the absolute beneficial owners of Notes and some aspects do not apply to certain classes of taxpayer (such as dealers). Prospective Noteholders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice.*

### **Interest on the Notes**

The Notes will constitute “quoted Eurobonds” within the meaning of section 987 of the Income Tax Act 2007 (the “**2007 Act**”) as long as they are and continue to be listed on a “recognised stock exchange” within the meaning of section 1005 of the 2007 Act. In the case of Notes to be traded on the Irish Stock Exchange, which is a recognised stock exchange, this condition will be satisfied if the Notes are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Irish Stock Exchange. Accordingly, payments of interest on the Notes may be made without withholding on account of UK income tax provided the Notes remain so listed at the time of payment.

In all other cases an amount must be withheld on account of income tax at the basic rate (currently 20%), subject to any direction to the contrary by HM Revenue & Customs under an applicable double taxation treaty, and except that the withholding obligation is disapplied in respect of payments to Noteholders who the Issuer reasonably believes are either a UK resident company or a non UK resident company carrying on a trade in the UK through a permanent establishment which is within the charge to corporation tax, or fall within various categories enjoying a special tax status (including charities and pension funds), or are partnerships consisting of such persons (unless HM Revenue & Customs direct otherwise).

Interest on the Notes constitutes UK source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding. However, interest with a UK source received without deduction or withholding on account of UK tax will not be chargeable to UK tax in the hands of a Noteholder who is not resident for tax purposes in the UK unless that Noteholder carries on a trade, profession or vocation in the UK through a UK branch or agency or for holders who are companies through a UK permanent establishment, in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

### **Stamp Duty and Stamp Duty Reserve Tax**

No stamp duty or stamp duty reserve tax is payable on issue of the Notes or on a transfer of the Notes by delivery.

### **Information powers**

HM Revenue & Customs have powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of the beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HM Revenue & Customs may be provided to tax authorities in other countries.

## **EU SAVINGS DIRECTIVE**

Under Council Directive 2003/48/EC 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 and other similar income paid or secured by a person established in a Member State to the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also apply a “look through approach” to payments made via certain persons, entities or legal arrangements (including trusts and partnerships), where certain conditions are satisfied, where an individual resident in a Member State is regarded as the beneficial owner of the payment for the purposes of the Directive. This approach may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria and Luxembourg are instead required (unless during such period they elect otherwise) to operate a withholding tax in relation to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will then commence automatic information exchange under the Directive. The transitional period will end after agreement on exchange of information is reached between the EU and certain non-EU states.

A number of non-EU countries and territories, including Switzerland, have adopted equivalent measures (a withholding system in the case of Switzerland) with effect from the same date.

## **THE PROPOSED FINANCIAL TRANSACTION TAX (“FTT”)**

The European Commission has published a proposal for a Directive for a common FTT in certain participating Member States.

The proposed FTT has very broad scope and could, if introduced, apply to certain dealings in financial instruments (including secondary market transactions).

The FTT could apply to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and either (i) at least one party is established or deemed to be established in a participating Member State or (ii) the financial instruments are issued in a participating Member State.

The proposed Directive remains subject to negotiation between the participating Member States. It may be altered prior to any implementation. Additional Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Crédit Agricole Corporate and Investment Bank, London Branch and Deutsche Bank AG, London Branch (the “**Joint Lead Managers**”) have agreed, pursuant to a subscription agreement dated 7 October 2014 (the “**Subscription Agreement**”), between the Joint Lead Managers, the Issuer, the Borrower and the other Obligors, subject to certain conditions, to subscribe and pay for agreed amounts the Notes at 100 per cent. of their principal amount.

The Issuer will reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement is subject to a number of conditions and may be terminated by the Joint Lead Managers in certain circumstances prior to payment to the Issuer. The Issuer and the Obligors will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

### **United States of America**

The Joint Lead Managers have acknowledged with the Issuer that the Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. The Joint Lead Managers have agreed that they will not offer, sell or deliver the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In connection with sales outside the United States, the Joint Lead Managers have agreed under the Subscription Agreement that they will not offer, sell or deliver the Notes to, or for the account or benefit of U.S. persons (a) as part of the Joint Lead Managers' distribution at any time or (b) otherwise prior to the date that is 40 days after the later of the commencement of the offering and the issue date of the Notes (the “**Distribution Compliance Period**”) and, accordingly, that neither the affiliates nor any person acting on their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Notes and that it and its affiliates and any person acting on its or their behalf has complied with and will comply with the offering restriction requirements of Regulation S under the Securities Act to the extent applicable.

The Joint Lead Managers under the Subscription Agreement have also agreed that, at or prior to confirmation of sales of any Notes, they will have sent to each distributor, dealer or other person receiving a selling concession, fee or other remuneration to which it sells any Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons.

### **United Kingdom**

The Joint Lead Managers have further represented and agreed that:

- (a) they have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) they have complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **France**

Each of the Issuer and each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, the Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in

France, this Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1, L.533-16 and L.533-20 of the French Monetary and Financial Code.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Issuer and each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) 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), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes will require the Issuer and the Joint Lead Managers 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 of 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 for 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 the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

### *General*

Other than the approval by the Central Bank of Ireland of this Prospectus as a prospectus in accordance with the requirements of the Prospectus Directive and implementing measures in Ireland, application having been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market and the filing of this Prospectus as a prospectus with the Companies Registration Office in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Joint Lead Managers have undertaken not to offer or sell any of the Notes, or to distribute this Prospectus or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

## GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 26 September 2014.
2. It is expected that admission of the Notes to the Official List of the Irish Stock Exchange and to trading on its regulated market will be granted on or about the Closing Date, subject only to the issue of the Temporary Global Note. The listing of the Notes will be cancelled if the Temporary Global Note is not issued. Transactions will normally be effected for settlement in sterling and for delivery on the third working day after the day of the transaction.
3. The Global Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

Common Code (for Global Note)	ISIN (for Global Note)
109397075	XS1093970751

4. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. For so long as the Notes are admitted on the Official List of the Irish Stock Exchange and to trading on its regulated market, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified office of the Principal Paying Agent. The Issuer does not publish interim accounts.
5. The Issuer is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, significant effects on the Issuer's financial position or profitability.
6. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement.
7. Since the date of incorporation of the Issuer, there has been (i) no material adverse change in the financial position or prospects of the Issuer and (ii) no significant change in the trading or financial position of the Issuer.
8. Copies of the following documents will be available electronically or may be inspected at <https://tss.sfs.db.com/investpublic/> or in physical/electronic form during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the specified offices of the Principal Paying Agent and at the registered office of the Issuer with effect from the Closing Date for the term of the Notes for so long as any Notes is listed on the Irish Stock Exchange:
  - (a) the memorandum and articles of association of the Issuer;
  - (b) the following documents and any amendments thereto from time to time (together, the "**Transaction Documents**"):
    - (i) the Note Trust Deed;
    - (ii) the Issuer/Borrower Facility Agreement;
    - (iii) the Issuer Deed of Charge;
    - (iv) the Servicing Agreement;
    - (v) the Issuer Cash Management Agreement;

- (vi) the Issuer Account Bank Deed;
  - (vii) the Corporate Services Agreement;
  - (viii) the Liquidity Facility Agreements;
  - (ix) the Swap Agreements (and each of the related confirmations);
  - (x) the Agency Agreement;
  - (xi) the Master Definitions and Framework Deed;
  - (xii) the Borrower Deed of Charge;
  - (xiii) the audited consolidated accounts of the Borrower General Partner for the years that ended 31 December 2012 and 31 December 2013 (also reproduced in Appendix I below); and
  - (xiv) the audited consolidated accounts of the Borrower for the years that ended 31 December 2012 and 31 December 2013 (are reproduced in Appendix I below).
9. Ernst & Young LLP have been appointed as auditors to the Issuer. Ernst & Young LLP is a member of the Institute of Chartered Accountants of the United Kingdom.
10. The Note Trust Deed and the Issuer Deed of Charge will provide that the Note Trustee and the Issuer Security Trustee may rely on reports or other information from professional advisers or other experts (whether addressed to or obtained by the Issuer, the Note Trustee, the Issuer Security Trustee or any other person) in accordance with the provisions of the Note Trust Deed and the Issuer Deed of Charge respectively, whether or not such report or other information or engagement letter or other document entered into by the Note Trustee or the Issuer Security Trustee (as the case may be) and the relevant person in connection thereto, contains any monetary or other unit as the liability of the relevant professional adviser or expert.
11. Except as is outlined herein, the Issuer does not intend to provide any post-issuance information in relation to the Notes. The Issuer will provide a quarterly report prepared by the Issuer Cash Manager.
12. No website referred to in the Prospectus forms part of the Prospectus for the purposes of the listing of the Notes on the Irish Stock Exchange.
13. The credit ratings included or referred to in this Prospectus have been issued by the Rating Agencies, each of which is established in the European Union, and is registered in accordance with the CRA Regulation.
14. The Issuer has appointed A&L Listing, as its Irish Listing Agent. A&L Listing is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive or otherwise.
15. The business address of the Valuer is Henrietta House, Henrietta Place, London, W1G 0NB.

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**APPENDIX I FINANCIAL STATEMENTS**

**Stratford City Shopping Centre (No. 1) General Partner Limited**

Report and Financial Statements 31 December 2012

Report and Financial Statements 31 December 2013

**Stratford City Shopping Centre (No. 1) Limited Partnership**

Report and Financial Statements 31 December 2012

Report and Financial Statements 31 December 2013

Project Agora

**Stratford City Shopping Centre (No. 1) General Partner Limited**

Report and Financial Statements

31 December 2012

## Project Agora

### **DIRECTORS**

Peter Miller	
Philip Slavin	
Sarah Slater	(appointed 13 January 2012)
Martijn Vos	(appointed 13 January 2012)
Michael Gutman	(Alternate Director)
Robert Foorste	(Alternate Director appointed 13 January 2012)
Wenzel Hoberg	(Alternate Director appointed 13 January 2012)

### **SECRETARY**

Leon Shelley

### **AUDITOR**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### **REGISTERED OFFICE**

6th Floor  
Midcity Place  
71 High Holborn London  
WC1V 6EA

### **DIRECTORS' REPORT**

The Directors present their report and financial statements for the year ended 31 December 2012.

### **RESULTS AND DIVIDENDS**

The profit for the year amounted to £146,170 (2011 loss of £4,790).

The Directors do not recommend a dividend for the year (2011 £nil).

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The Company acts as General Partner to Stratford City Shopping Centre (No. 1) Limited Partnership ('the Partnership') and has a 0.5% interest in the Partnership's profits and assets.

The principal activity of the Partnership is ownership, development of and management of Westfield Stratford City Shopping Centre in Stratford, London.

The Company's key financial and performance indicators during the year were as follows

	<b>2012</b>	<b>2011</b>	<b>Change</b>	<b>Change</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
Operating loss	(5,613)	(4,790)	(823)	(17)
Profit/(loss) on ordinary activities after taxation	146,170	(4,790)	150,960	3,152
Shareholder's funds	1,534,249	1,388,079	146,170	11

## Project Agora

Operating loss increased during the year due to increased professional fees.

The profit on ordinary activities after taxation increased during the year. This is primarily a result of investment income received from the investment in the Partnership.

Shareholder's funds increased in line with the profit for the year.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Directors have identified the following key risks and mitigating factors affecting the Company and its investments.

#### **Property market risk**

The Company receives investment income from the Partnership, which invests in property for retail and leisure tenants. The value of the Company's investment is primarily driven by movements in the valuation of the Westfield Stratford City Shopping Centre.

The Partnership actively manages the operation of the centre, tracking performance against a range of measures, and mitigates the risk through marketing and leasing strategies.

#### **Credit Risk**

The Company's credit risk is primarily attributable to the recoverability of its intercompany debtors.

The Company's policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit assessment procedures.

The Company mitigates this risk by reviewing debtors for recoverability at regular intervals throughout the year and providing for irrecoverable debtors as necessary.

### **GOING CONCERN**

Note 1 sets out the basis upon which the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

### **FUTURE DEVELOPMENTS**

The Directors anticipate that the activity of the Company will continue for the foreseeable future.

### **EVENTS SINCE THE BALANCE SHEET DATE**

There have been no significant events after the balance sheet date.

### **DIRECTORS AND INDEMNITY**

The present membership of the Board is set out on page 225.

Each Director of the Company shall be indemnified by the Company against all liabilities, costs and expenses incurred in the execution and discharge of their duties. The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **EMPLOYEE INVOLVEMENT**

The Company has no employees (2011 nil).

## Project Agora

### **POLITICAL AND CHARITABLE DONATIONS**

The Company made no political or charitable donations during the year (2011 £nil).

### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. The Directors have taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

### **AUDITOR**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board of Stratford City Shopping Centre (No. 1) General Partner Limited.

Director

Name Philip Slavin

Date 28 June 2012

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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 those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

## Project Agora

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRATFORD CITY SHOPPING CENTRE (NO. 1) GENERAL PARTNER LIMITED**

We have audited the financial statements of Stratford City Shopping Centre (No. 1) General Partner Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Statement of General Partners Responsibilities set out on page 4, 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.

#### **SCOPE OF THE AUDIT OF 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 for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

## Project Agora

- 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.

Nick Gomer (Senior Statutory Auditor)  
*For and on behalf of Ernst & Young LLP, Statutory Auditor*  
London

Date 28 June 2013

## Project Agora

### **PROFIT AND LOSS ACCOUNT for the year ended 31 December 2012**

	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
Administrative expenses		<u>(5,613)</u>	<u>(4,790)</u>
<b>Operating loss</b>	2	(5,613)	(4,790)
Investment income	5	202,753	-
Interest receivable and similar income	6	<u>22</u>	<u>-</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		197,162	(4,790)
Tax on profit/(loss) on ordinary activities	7	<u>(50,992)</u>	<u>-</u>
<b>Profit/(loss) on ordinary activities after taxation</b>	12	<u>146,170</u>	<u>(4,790)</u>

All amounts relate to continuing activities.

There are no recognised gains or losses in the current or prior year, other than those stated above. Accordingly no Statement of Total Recognised Gains and Losses has been presented.

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**BALANCE SHEET**  
as at 31 December 2012

	<b>Note</b>	<b>2012</b> £	<b>2011</b> £
<b>FIXED ASSETS</b>			
Investments	8	<u>313,692</u>	<u>313,692</u>
<b>CURRENT ASSETS</b>			
Debtors	9	1,277,468	1,079,482
<b>CURRENT LIABILITIES</b>			
Creditors amounts falling due within one year	10	<u>(56,911)</u>	<u>(5,095)</u>
<b>NET CURRENT ASSETS</b>		<u>1,220,557</u>	<u>1,074,387</u>
<b>NET ASSETS</b>		<u>1,534,249</u>	<u>1,388,079</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1,402,019	1,402,019
Profit and loss account	12	<u>132,230</u>	<u>(13,940)</u>
<b>SHAREHOLDER'S FUNDS</b>	12	<u>1,534,249</u>	<u>1,388,079</u>

Approved by the Board on 28 June 2013 and signed on its behalf by

Director

Name Philip Slavin

## Project Agora

### NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2012

#### 1. ACCOUNTING POLICIES

##### BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention. They are prepared in accordance with applicable United Kingdom accounting standards and in accordance with the Companies Act 2006.

The Company owns four subsidiary undertakings, Stratford City Shopping Centre (No. 1) Nominee A Limited, Stratford City Shopping Centre (No. 1) Nominee B Limited, Stratford CCH Limited and Stratford Utilities Limited. The Company has taken advantage of the exemption under section 405(2) of the Companies Act 2006 not to consolidate these entities, since their inclusion is not material for the purpose of giving a true and fair view. Accordingly the Company has taken advantage of the exemption under section 402 of the Act from the requirement to prepare group accounts.

##### GOING CONCERN

The Directors anticipate that the activity of the Company will continue for the foreseeable future. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### CASH FLOW STATEMENT

The Company has taken advantage of the exemption under FRS 1 'Cash flow statements' from publishing its own Cash Flow Statement as it is a small company.

##### INVESTMENTS

Investments in subsidiaries and Joint ventures are stated at cost, less any provision for diminution in value, where applicable.

The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### DEBTORS

The amounts presented in the balance sheet are net of provisions for doubtful debts. An allowance for impairment is made where there is an identified loss event, which evidences irrecoverability of the debtor.

##### INVESTMENT INCOME

Investment income is recognised on an accrued basis based upon the Company's share in the profits of Stratford City Shopping Centre (No. 1) Limited Partnership, as provided under its Limited Partnership Agreement.

##### FINANCE COSTS

All costs incurred directly in the arrangement of loans are included within the carrying value of loan balances. Such costs are charged to the profit and loss account over the term of the loan.

## Project Agora

Interest receivable and payable is recognised as interest accrues, using the effective interest method. All interest is recognised in the profit and loss account.

### **CURRENT TAX**

Current tax is provided at amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### **DEFERRED TAX**

Full provision has been made for deferred taxation in respect of timing differences that have originated but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax, or to receive more tax, in the future by the balance sheet date except that:

- No provision is made for gains on disposal of assets that have been rolled over into replacement assets or revalued assets unless there is a binding sale agreement in place; and
- Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences are forecast to reverse, based on tax rates enacted at the balance sheet date.

### **2. OPERATING LOSS**

This is stated after charging auditors remuneration for the audit of financial statements of £4,790 (2011 £4,790). No non-audit services were provided during the current or prior year.

### **3. DIRECTORS' EMOLUMENTS**

The Directors did not receive any remuneration during the year in respect of their services provided to the Company (2011 £nil).

### **4. STAFF COSTS**

The Company has no employees (2011 nil).

### **5. INVESTMENT INCOME**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Share of partnership trading profits	<u>202,753</u>	<u>-</u>

Investment income represents the Company's share of the trading profits of Stratford City Shopping Centre (No. 1) Limited Partnership

## Project Agora

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	£	£
Interest receivable from related parties	<u>22</u>	<u>-</u>

### 7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2012	2011
	£	£
(i) Analysis of tax charge for the year		
Current tax		
UK corporation tax on profit/(loss) for the year	<u>50,992</u>	<u>-</u>
Total tax charge for the year (note 7(ii))	<u>50,992</u>	<u>-</u>
(ii) Factors affecting the tax charge for the current year		
Profit/(loss) on ordinary activities before taxation	<u>197,162</u>	<u>(4,790)</u>
Tax on profit/(loss) on ordinary activities multiplied by the standard UK rate of corporation tax of 24.5% (2011 26.5%)	48,305	(1,269)
Effect of		
Group relief received for no consideration	(1,531)	(937)
Taxable income not included in the accounts	-	1,998
Effect of gains	-	208
Expenses not deductible for tax purposes	10,486	-
Utilisation of tax losses	(6,263)	-
Change in tax rates	<u>(5)</u>	<u>-</u>
Current tax charge for the year (note 7(i))	<u>50,992</u>	<u>-</u>

#### (iii) Deferred tax

There is no potential or actual deferred tax recognised or unrecognised at the current, or prior year, balance sheet date.

#### (iv) Factors that may affect future tax charges

The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012. The Finance Act 2012 provides for a further expected reduction in the main rate of corporation tax to 23% from 1 April 2013. At the balance sheet date, the tax rate applicable for calculating deferred tax was 23%, being the rate substantively enacted by the Finance Act 2012 on 3 July 2012. A subsequent reduction in the main rate of corporation tax is expected to be enacted during 2013 to reduce the main rate to 21% from 1 April 2014 and to 20% from 1 April 2015. As no deferred tax has been recognised in the accounts, there is no effect for this year.

## Project Agora

### 8. INVESTMENTS

	2012	2011
	£	£
Stratford City Shopping Centre (No. 1) Limited Partnership	313,490	313,490
Stratford City Shopping Centre (No. 1) Nominee A Limited	1	1
Stratford City Shopping Centre (No. 1) Nominee B Limited	1	1
Stratford CCH Limited	100	100
Stratford Utilities Limited	100	100
	313,692	313,692

The investment in Stratford City Shopping Centre (No. 1) Limited Partnership, represents a 0.5% holding in the Partnership, which was established under a Limited Partnership Deed dated 15 May 2008 (as amended). The Limited Partnership is registered in England & Wales in accordance with The Limited Partnerships Act 1907.

Details of investments in the which the Company holds 20% or more of the nominal value of any class of share capital are as follows.

<i>Name of Subsidiary undertaking</i>	<i>Place of incorporation</i>	<i>Nature of business</i>	<i> Holding</i>	<i>Proportion of voting rights and shares held</i>
Stratford City Shopping Centre (No. 1) Nominee A Limited	Great Britain	Nominee Company	Ordinary shares	100%
Stratford City Shopping Centre (No. 1) Nominee B Limited	Great Britain	Nominee Company	Ordinary shares	100%
Stratford CCH Limited	Great Britain	Energy Supply	Ordinary shares	100%
Stratford Utilities Limited	Great Britain	Energy Supply	Ordinary shares	100%

### 9. DEBTORS

	2012	2011
	£	£
Amounts due from related parties	1,277,468	1,079,482

### 10. CREDITORS: amounts falling due within one year

	2012	2011
	£	£
Amounts due to related parties	304	304
Corporation tax	50,992	-
Accruals	5,615	4,791
	56,911	5,095

Project Agora

11. SHARE CAPITAL

	2012	2011
	£	£
<b>Allotted, called up and fully paid</b>		
2,804,038 Ordinary shares of £0.50 each (2011 2,804,038)	<u>1,402,019</u>	<u>1,402,019</u>

12. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT IN RESERVES

	Share capital £	Profit and loss account £	Share- holder's funds £
Balance at 1 January 2011	<u>1,402,019</u>	<u>(9,150)</u>	<u>1,392,869</u>
Loss for the year	-	(4,790)	(4,790)
Balance at 1 January 2012	1,402,019	(13,940)	1,388,079
Profit for the year	-	<u>146,170</u>	<u>146,170</u>
Balance at 31 December 2012	<u><u>1,402,019</u></u>	<u><u>132,230</u></u>	<u><u>1,534,249</u></u>

13. RELATED PARTY TRANSACTIONS

	2012	2011
	£	£
<b>Amounts due from related parties</b>		
Cavemont Pty Limited	3	3
Stratford City Shopping Centre (No. 1) Limited Partnership	1,274,667	1,076,703
Stratford City Shopping Centre (No. 2) General Partner Limited	<u>2,798</u>	<u>2,776</u>
	<u><u>1,277,468</u></u>	<u><u>1,079,482</u></u>

**Amounts due from related parties**

Stratford City Managing Trustee Limited	100	100
Stratford City Shopping Centre (No. 1) Nominee A Limited	1	1
Stratford City Shopping Centre (No. 1) Nominee B Limited	1	1
Stratford Retail Shopping Centre Investments (No. 1) General Partner Limited	100	100
Stratford Retail Shopping Centre Investments (No. 2) General Partner Limited	100	100
Stratford Retail Shopping Centre Investments (No. 1) Limited Partnership	1	1
Stratford Retail Shopping Centre Investments (No. 2) Limited Partnership	<u>1</u>	<u>1</u>
	<u><u>304</u></u>	<u><u>304</u></u>

## Project Agora

Cavemont Pty Limited is a joint controlling party of Stratford City JV Business Manager Limited, the immediate parent undertaking of the Company.

The Company is the General Partner of Stratford City Shopping Centre (No. 1) Limited Partnership. During the year ended 31 December 2012, the Partnership paid administrative expenses of £4,790 (2011 £4,790) on behalf of the Company. The Company's share of profits from the Partnership for the year was £202,753 (2011 £nil). The Company received repayment of subordinated debt of £nil (2011 £1,402,017) from the Partnership, and contributed £nil (2011 £313,490) of subordinated debt to the Partnership. The Partnership borrowed amounts totalling £nil (2011 £2,674) from the Company.

Stratford City Shopping Centre (No. 2) General Partner Limited is jointly controlled by the same parties as the Company.

The Company is the immediate parent of Stratford City Shopping Centre (No. 1) Nominee A Limited and Stratford City Shopping Centre (No. 1) Nominee B Limited.

Stratford City Managing Trustee Limited acts as trustee for Stratford City Shopping Centre Jersey Unit Trust (No. 1), which is a Limited Partner of Stratford City Shopping Centre (No. 1) Limited Partnership.

Stratford Retail Shopping Centre Investments (No. 1) Limited Partnership and Stratford Retail Shopping Centre Investments (No. 2) Limited Partnership both have controlling parties in common with Stratford City Shopping Centre (No. 1) Limited Partnership.

Stratford Retail Shopping Centre Investments (No. 1) General Partner Limited and Stratford Retail Shopping Centre Investments (No. 2) General Partner Limited act as General Partners for Stratford Retail Shopping Centre Investments (No. 1) Limited Partnership and Stratford Retail Shopping Centre Investments (No. 2) Limited Partnership, respectively.

### **14. PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking of the Company is Stratford City JV Business Manager Limited, a company incorporated in the United Kingdom and registered in England and Wales, which itself is jointly controlled by its investors.

In the Directors' opinion, the Company has no ultimate controlling party.

Project Agora

**Stratford City Shopping Centre (No. 1) General Partner Limited**

Report and Financial Statements

31 December 2013

## Project Agora

### **DIRECTORS**

Peter Miller

Philip Slavin

Sarah Slater

Martijn Vos

Michael Gutman (Alternate Director)

Robert Foorste (Alternate Director)

Wenzel Hoberg (Alternate Director)

### **SECRETARY**

Leon Shelley

### **AUDITOR**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### **REGISTERED OFFICE**

6th Floor  
Midcity Place  
71 High Holborn London  
WC1V 6EA

### **DIRECTORS' REPORT**

The Directors present their Report for the year ended 31 December 2013.

### **DIVIDENDS**

The Directors do not recommend the payment of a dividend at the balance sheet date (2012 £nil).

### **GOING CONCERN**

Note 1 sets out the basis upon which the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

### **FUTURE DEVELOPMENTS**

The Directors anticipate that the activity of the Company will continue for the foreseeable future.

### **EVENTS SINCE THE BALANCE SHEET DATE**

There have been no significant events after the balance sheet date.

### **DIRECTORS AND INDEMNITY**

The present membership of the Board is set out on page 239.

Each Director of the Company shall be indemnified by the Company against all liabilities, costs and expenses incurred in the execution and discharge of their duties. The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

## Project Agora

### **STRATEGIC REPORT**

The Company has taken the exemption under Section 414B of the Companies Act 2006 for the requirement to prepare a Strategic Report for the financial year.

### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. The Directors have taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

### **AUDITOR**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board of Stratford City Shopping Centre (No. 1) General Partner Limited.

Director

Name Philip Slavin

Date 30 April 2014

### **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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

## Project Agora

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRATFORD CITY SHOPPING CENTRE (NO. 1) GENERAL PARTNER LIMITED**

We have audited the financial statements of Stratford City Shopping Centre (No. 1) General Partner Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Statement of Directors' Responsibilities set out on page 240, 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.

#### **SCOPE OF THE AUDIT OF 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

## Project Agora

### **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; or
- the Directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report.

Nick Gomer (Senior statutory auditor)  
*For and on behalf of Ernst & Young LLP, Statutory Auditor*  
London

Date 30 April 2014

## Project Agora

### **PROFIT AND LOSS ACCOUNT for the year ended 31 December 2013**

	<b>Note</b>	<b>2013</b> £	<b>2012</b> £
Administrative expenses		<u>(5,370)</u>	<u>(5,613)</u>
<b>Operating loss</b>	2	(5,370)	(5,613)
Investment income	5	880,139	202,753
Interest receivable and similar income	6	<u>-</u>	<u>22</u>
<b>Profit on ordinary activities before taxation</b>		874,769	197,162
Tax on profit on ordinary activities	7	<u>50,992</u>	<u>(50,992)</u>
<b>Profit on ordinary activities after taxation</b>	12	<u><u>925,761</u></u>	<u><u>146,170</u></u>

All amounts relate to continuing activities.

There are no recognised gains or losses in the current or prior year, other than those stated above. Accordingly no Statement of Total Recognised Gains and Losses has been presented.

Project Agora

**BALANCE SHEET**  
as at 31 December 2013

	Note	2013 £	2012 £
<b>FIXED ASSETS</b>			
Investments	8	<u>313,692</u>	<u>313,692</u>
<b>CURRENT ASSETS</b>			
Debtors	9	1,357,607	1,277,468
<b>CURRENT LIABILITIES</b>			
Creditors amounts falling due within one year	10	<u>(11,289)</u>	<u>(56,911)</u>
<b>NET CURRENT ASSETS</b>		<u>1,346,318</u>	<u>1,220,557</u>
<b>NET ASSETS</b>		<u>1,660,010</u>	<u>1,534,249</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1,402,019	1,402,019
Profit and loss account	12	<u>257,991</u>	<u>132,230</u>
<b>SHAREHOLDER'S FUNDS</b>	12	<u>1,660,010</u>	<u>1,534,249</u>

Approved by the Board on 30 April 2014 and signed on its behalf by

Director

Name Philip Slavin

## Project Agora

### NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2013

#### 1. ACCOUNTING POLICIES

##### BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention. They are prepared in accordance with applicable United Kingdom accounting standards and in accordance with the Companies Act 2006.

The Company owns two subsidiary undertakings, Stratford City Shopping Centre (No. 1) Nominee A Limited and Stratford City Shopping Centre (No. 1) Nominee B Limited. The Company has taken advantage of the exemption under section 405(2) of the Companies Act 2006 not to consolidate these entities, since their inclusion is not material for the purpose of giving a true and fair view. Accordingly the Company has taken advantage of the exemption under section 402 of the Act from the requirement to prepare group accounts.

The Company also owns two other subsidiary undertakings, Stratford CCH Limited and Stratford Utilities Limited. The Company has taken exemption from preparing group financial statements as permitted under Section 400 of the Companies Act 2006, as consolidated financial statements are prepared by Stratford City JV Business Manager Limited, a company incorporated in the United Kingdom and registered in England and Wales. Stratford City JV Business Manager Limited is the immediate parent undertaking of the Company. Accordingly these financial statements present information about the Company as an individual undertaking and not its group.

##### GOING CONCERN

Based on the current and forecast profitability and the fact that the Company has net current assets the Directors believe it is appropriate to prepare the accounts on a going concern basis. The Directors anticipate that the activity of the Company will continue for the foreseeable future. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### CASH FLOW STATEMENT

The Company has taken advantage of the exemption under FRS 1 'Cash flow statements' from publishing its own Cash Flow Statement as it is a small company.

##### INVESTMENTS

Investments in subsidiaries and joint ventures are stated at cost, less any provision for diminution in value, where applicable.

The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### DEBTORS

The amounts presented in the balance sheet are net of provisions for doubtful debts. An allowance for impairment is made where there is an identified loss event, which evidences irrecoverability of the debtor.

## Project Agora

### INVESTMENT INCOME

Investment income is recognised on an accrued basis based upon the Company's share in the profits of Stratford City Shopping Centre (No. 1) Limited Partnership, as provided under its Limited Partnership Agreement.

### FINANCE INCOME

Interest receivable is recognised as interest accrues, using the effective interest method. All interest receivable is recognised in the profit and loss account.

### FINANCE COSTS

All costs incurred directly in the arrangement of loans are included within the carrying value of loan balances. Such costs are charged to the profit and loss account over the term of the loan.

Interest payable is recognised as interest accrues, using the effective interest method. All interest payable is recognised in the profit and loss account.

### CURRENT TAX

Current tax is provided at amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## 2. OPERATING LOSS

This is stated after charging auditor's remuneration for the audit of financial statements of £4,933 (2012 £4,790). No non-audit services were provided during the current or prior year.

## 3. DIRECTORS' EMOLUMENTS

The Directors did not receive any remuneration during the year in respect of their services provided to the Company (2012 £nil).

## 4. STAFF COSTS

The Company has no employees (2012 nil).

## 5. INVESTMENT INCOME

	2013 £	2012 £
Dividends received from subsidiary undertakings	700,000	-
Share of partnership trading profits	180,139	202,753
	<u>880,139</u>	<u>202,753</u>

## 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £	2012 £
Interest receivable from related parties	<u>-</u>	<u>22</u>

## Project Agora

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>(i) Analysis of tax (credit)/charge for the year</b>		
Current tax		
UK Corporation tax on profit for the year	-	50,992
Adjustments in respect of previous periods	(50,992)	-
<b>Total tax (credit)/charge for the year (note 7(ii))</b>	<b>(50,992)</b>	<b>50,992</b>
<b>(ii) Factors affecting the tax (credit)/charge for the current year</b>		
Profit on ordinary activities before taxation	<u>874,769</u>	<u>197,162</u>
Tax on profit on ordinary activities multiplied by the standard UK rate of corporation tax of 23.25% (2012 24.5%)	203,384	48,305
Effect of		
Group relief not paid for	(42,703)	(1,531)
Income not taxable for tax purposes	(162,750)	-
Expenses not deductible for tax purposes	2,069	10,486
Utilisation of tax losses	-	(6,263)
Adjustments to tax charge in respect of previous periods	(50,992)	-
Change in tax rates	-	(5)
<b>Current tax (credit)/charge for the year (note 7(i))</b>	<u><b>(50,992)</b></u>	<u><b>50,992</b></u>

#### (iii) Deferred tax

There is no potential or actual deferred tax recognised or not recognised at the current, or prior year, balance sheet date.

#### (iv) Factors that may affect future tax charges

The main rate of corporation tax was reduced from 24% to 23% from 1 April 2013. The Finance Act 2013 which was substantively enacted on 2 July 2013 provides for a further reduction in the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015.

## Project Agora

### 8. INVESTMENTS

	2013 £	2012 £
Stratford City Shopping Centre (No. 1) Limited Partnership	313,490	313,490
Stratford City Shopping Centre (No. 1) Nominee A Limited	1	1
Stratford City Shopping Centre (No. 1) Nominee B Limited	1	1
Stratford CCH Limited	100	100
Stratford Utilities Limited	100	100
	313,692	313,692

The investment in Stratford City Shopping Centre (No. 1) Limited Partnership ('the Partnership'), represents a 0.5% holding in the Partnership, which was established under a Limited Partnership Deed dated 15 May 2008 (as amended). The Limited Partnership is registered in England & Wales in accordance with The Limited Partnerships Act 1907.

Details of investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows.

<i>Name of Subsidiary undertaking</i>	<i>Place of incorporation</i>	<i>Nature of business</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>
Stratford City Shopping Centre (No. 1) Nominee A Limited	Great Britain	Nominee Company	Ordinary shares	100%
Stratford City Shopping Centre (No. 1) Nominee B Limited	Great Britain	Nominee Company	Ordinary shares	100%
Stratford CCH Limited	Great Britain	Energy Supply	Ordinary shares	100%
Stratford Utilities Limited	Great Britain	Energy Supply	Ordinary shares	100%

### 9. DEBTORS

	2013 £	2012 £
Amounts due from related parties	1,357,607	1,277,468

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**10. CREDITORS: amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Amounts due to related parties	716	304
Corporation tax	-	50,992
Accruals	10,573	5,615
	<u>11,289</u>	<u>56,911</u>

**11. SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
2,804,038 Ordinary shares of £0.50 each (2012 2,804,038)	<u>1,402,019</u>	<u>1,402,019</u>

**12. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT IN RESERVES**

	<b>Share capital</b>	<b>Profit and loss account</b>	<b>Shareholder's funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 January 2012	1,402,019	(13,940)	1,388,079
Profit for the year	<u>-</u>	<u>146,170</u>	<u>146,170</u>
Balance at 1 January 2013	1,402,019	132,230	1,534,249
Profit for the year		925,761	925,761
Dividend paid	<u>-</u>	<u>(800,000)</u>	<u>(800,000)</u>
Balance at 31 December 2013	<u>1,402,019</u>	<u>257,991</u>	<u>1,660,010</u>

Dividends of £800,000 were made to the shareholder during the year (2012 £nil).

**13. RELATED PARTY TRANSACTIONS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Amounts due from related parties</b>		
Stratford City Shopping Centre (No. 1) Limited Partnership	1,354,806	1,274,667
Stratford City Shopping Centre (No. 2) General Partner Limited	2,798	2,798
Cavemont Pty Limited	<u>3</u>	<u>3</u>
	<u>1,357,607</u>	<u>1,277,468</u>

## Project Agora

### Amounts due to related parties

Westfield Shoppingtowns Limited	412	-
Stratford City Managing Trustee Limited	100	100
Stratford Retail Shopping Centre Investments (No. 1) General Partner Limited	100	100
Stratford Retail Shopping Centre Investments (No. 2) General Partner Limited	100	100
Stratford City Shopping Centre (No. 1) Nominee A Limited	1	1
Stratford City Shopping Centre (No. 1) Nominee B Limited	1	1
Stratford Retail Shopping Centre Investments (No. 1) Limited Partnership	1	1
Stratford Retail Shopping Centre Investments (No. 2) Limited Partnership	1	1
	<u>716</u>	<u>304</u>

Cavemont Pty Limited is a joint controlling party of Stratford City JV Business Manager Limited, the immediate parent and controlling undertaking of the Company.

The Company is the General Partner of Stratford City Shopping Centre (No. 1) Limited Partnership. During the year ended 31 December 2013, the Partnership paid administrative expenses of £nil (2012 £4,790) on behalf of the Company. The Company's share of profits from the Partnership for the year was £180,139 (2012 £202,753). The Partnership made payments on behalf of the Company of £100,000.

The Company is the immediate parent of Stratford City Shopping Centre (No. 1) Nominee A Limited and Stratford City Shopping Centre (No. 1) Nominee B Limited.

Stratford City Managing Trustee Limited acts as trustee for Stratford City Shopping Centre Jersey Unit Trust (No. 1), which is a Limited Partner of Stratford City Shopping Centre (No. 1) Limited Partnership.

Stratford Retail Shopping Centre Investments (No. 1) Limited Partnership and Stratford Retail Shopping Centre Investments (No. 2) Limited Partnership both have controlling parties in common with Stratford City Shopping Centre (No. 1) Limited Partnership.

Stratford City Shopping Centre (No. 2) General Partner Limited, Stratford Retail Shopping Centre Investments (No. 1) General Partner Limited and Stratford Retail Shopping Centre Investments (No. 2) General Partner Limited have the same parent and controlling undertaking as the Company.

Westfield Shoppingtowns Limited is a wholly owned subsidiary undertaking of Westfield Holdings Limited, which is also the parent of Cavemont Pty Limited. During the year, Westfield Shoppingtowns Limited paid administrative expenses of £412 (2012 £nil) on behalf of the Company.

#### 14. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking of the Company is Stratford City JV Business Manager Limited, a company incorporated in the United Kingdom and registered in England and Wales, which itself is jointly controlled by Cavemont Pty Limited, a company incorporated in Australia and Canneth BM (Shareholder) Co Limited, a company incorporated in Jersey.

In the Directors' opinion, the Company has no ultimate controlling party.

Project Agora

Registered No LP12959

**Stratford City Shopping Centre (No.1) Limited Partnership**

Report and Financial Statements

31 December 2012

## Project Agora

### **GENERAL PARTNER**

Stratford City Shopping Centre (No. 1) General Partner  
Limited  
6th Floor  
MidCity Place  
71 High Holborn  
London  
WC1V 6EA

### **AUDITOR**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### **REGISTERED OFFICE**

6th Floor  
MidCity Place  
71 High Holborn  
London  
WC1V 6EA

## Project Agora

### GENERAL PARTNER'S REPORT

The General Partner presents its report and financial statements for the year ended 31 December 2012.

### RESULTS AND DISTRIBUTIONS

The profit for the year amounted to £47,343,694 (2011 loss of £1,038,058).

Distributions of £12,400,000 were made to the Partners during the year (2011 £nil).

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Second Amended and Restated Limited Partnership Agreement dated 4 October 2011 states that the purpose of the Partnership is to carry on the business of directly or indirectly acquiring, maintaining and letting property for investment purposes.

The principal activity of the Partnership during the year continued to be the development, ownership and management of the Westfield Stratford City Shopping Centre, London.

Stratford City Shopping Centre (No. 1) General Partner Limited, acting as General Partner (the 'General Partner'), has a 0.5% interest in the profits and assets of the Partnership. The other Limited Partner with interest in the Partnership is Stratford City Managing Trustee Limited as managing trustee for Stratford City Shopping Centre Jersey Unit Trust (No.1) 99.5%.

The Partnership's key financial and other performance indicators during the year were as follows

	2012 £'000	2011 £'000	Change £'000	Change %
Turnover	109,371	22,594	86,777	384
Profit/(loss) on ordinary activities	47,344	(1,038)	48,382	4,661
Partners' funds	663,695	605,408	58,287	10

Turnover increased primarily due to the Westfield Stratford City Shopping Centre trading for twelve months in 2012 compared to four months in 2011.

The profit on ordinary activities increased during the year. This is primarily a result of increased turnover reduced by an increase in interest payable.

Partners' funds increased during the year, primarily as a result of the revaluation of the Westfield Stratford City Shopping Centre and profit for the year, reduced by distributions paid to the Partners.

### GENERAL PARTNER'S REPORT (Continued)

### PRINCIPAL RISKS AND UNCERTAINTIES

The General Partner has identified the following key risks and mitigating factors affecting the Partnership.

#### Property market risk

Small changes in property market yields can have a significant effect on the valuation of investment property.

## Project Agora

Movement in the value of Partners' funds is primarily driven by movements in the valuation of the Westfield Stratford City Shopping Centre.

This risk is mitigated through marketing, leasing, building maintenance and redevelopment strategies aimed at maintaining and enhancing the market value of the shopping centre.

As a Partnership with retail and leisure tenants, the business is exposed to a downturn in consumer spending. This would reduce the profitability of occupiers, which could lead to an increase in vacancies.

The Partnership actively manages the operation of the centre, tracking performance against a range of measures, and mitigates the risk through marketing and leasing strategies.

### **Credit risk**

The Partnership's credit risk is primarily attributable to its trade and other debtors.

Partnership policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit assessment procedures.

The Partnership reviews debtors for recoverability at regular intervals throughout the year and provides for irrecoverable debtors as necessary.

### **Cash flow risk**

Any decrease of future anticipated turnover or increase in expenses may lead to an inability to meet the Partnership's creditor and loan interest obligations.

The Partnership maintains sufficient working capital through monitoring of anticipated turnover and counterparty exposures.

### **Liquidity risk**

In order to maintain liquidity and ensure that sufficient funds are available for ongoing operation and future developments, the Partnership uses a mixture of short-term and long-term debt finance.

The Partnership uses interest rate swaps to hedge its exposure to interest rate risks associated with the debt finance in place.

## **GENERAL PARTNER'S REPORT (Continued)**

### **GOING CONCERN**

Note 1 sets out the basis upon which the General Partner believes that it remains appropriate to prepare the financial statements on a going concern basis.

### **FUTURE DEVELOPMENTS**

The General Partner anticipates that the activity of the Partnership will continue for the foreseeable future.

### **EVENTS SINCE THE BALANCE SHEET DATE**

The Notes to the Financial Statements describe events subsequent to the balance sheet date.

## Project Agora

### **THE GENERAL PARTNER AND INDEMNITY**

Each Director of the General Partner shall be indemnified by the General Partner against all liabilities, costs and expenses incurred in the execution and discharge of their duties.

### **EMPLOYEE INVOLVEMENT**

The Partnership has no employees (2011 nil).

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

The Partnership made no political or charitable donations during the year (2011 £nil).

### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as the General Partner at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. The General Partner has taken all the steps that they are obliged to take as a General Partner in order to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

Signed on behalf of the General Partner of Stratford City Shopping Centre (No.1) Limited Partnership.

Director, Stratford City Shopping Centre (No.1) General Partner Limited.

Name Philip Slavin

Date 28 JUN 2013

## Project Agora

### **STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES**

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

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law to give a true and fair view of the state of affairs of the Partnership at the end of the financial period and of the profit or loss for that period. In preparing those financial statements, the General Partner is required to

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

The General Partner is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Partnership and to enable them to ensure that the financial statements comply with the Partnerships (Accounts) Regulations 2008. They are 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.

## Project Agora

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRATFORD CITY SHOPPING CENTRE (No.1) LIMITED PARTNERSHIP**

We have audited the financial statements of Stratford City Shopping Centre (No.1) Limited Partnership for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Partners, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Partnership those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Partnership, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF GENERAL PARTNER AND AUDITOR**

As explained more fully in the Statement of General Partner's Responsibilities set out on page 256, 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.

#### **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 members, 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 qualifying partnership's affairs as at year ended 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

#### **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

## Project Agora

- 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.

Nick Gomer (Senior statutory auditor)  
*For and on behalf of Ernst & Young LLP, Statutory Auditor*  
London

Date 28 JUN 2013

Project Agora

**PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2012**

	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>Turnover</b>	2	109,371	22,594
Cost of sales		<u>(20,893)</u>	<u>(6,299)</u>
<b>Gross profit</b>		88,478	16,295
Administrative expenses		<u>(16,744)</u>	<u>(4,055)</u>
<b>Operating profit</b>	3	71,734	12,240
Profit on disposal of fixed assets		8	39
Interest receivable and similar income	5	173	31
Interest payable and similar charges	6	<u>(24,571)</u>	<u>(13,348)</u>
Profit/(loss) on ordinary activities	12	<u><u>47,344</u></u>	<u><u>(1,038)</u></u>

	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>Apportionment of profit / (loss)</b>			
Stratford City Shopping Centre (No.1) General Partner Limited	12	237	(5)
Stratford City Managing Trustee Limited <sup>5</sup>	12	<u>47,107</u>	<u>(1,033)</u>
		<u>47,344</u>	<u>(1,038)</u>

All amounts relate to continuing activities

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 December 2012**

	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Profit/(loss) for the year	12	47,344	(1,038)
Unrealised surplus arising on revaluation of investment properties	12	<u>23,343</u>	<u>549,503</u>
Total recognised profit for the year		<u><u>70,687</u></u>	<u><u>548,465</u></u>

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5 Stratford City Managing Trustee Limited as managing trustee for Stratford City Shopping Centre Jersey Unit Trust (No.1)

Project Agora

**BALANCE SHEET**  
as at 31 December 2012

	Note	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>			
Investment properties	7	1,618,764	1,575,771
<b>CURRENT ASSETS</b>			
Debtors	8	35,768	50,996
Cash at bank and in hand		<u>46,073</u>	<u>39,420</u>
		81,841	90,416
<b>CURRENT LIABILITIES</b>			
Creditors amounts falling due within one year	9	<u>(487,916)</u>	<u>(514,675)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(406,075)</u>	<u>(424,259)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,212,689	1,151,512
<b>NON-CURRENT LIABILITIES</b>			
Creditors amounts falling due after more than one year	10	<u>(548,994)</u>	<u>(546,104)</u>
<b>NET ASSETS</b>		<u>663,695</u>	<u>605,408</u>
<b>PARTNERS' FUNDS</b>			
Partners' capital accounts	12	0	0
Partners' subordinated debt	12	62,698	62,698
Partners' current accounts	12	<u>600,997</u>	<u>542,710</u>
	12	<u>663,695</u>	<u>605,408</u>

Approved by the General Partner on 28 JUN 2013 and signed on its behalf by

Director, Stratford City Shopping Centre (No.1) General Partner Limited

Name Philip Slavin

Project Agora

**CASH FLOW STATEMENT  
for the year ended 31 December 2012**

	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Net cash inflow/(outflow) from operating activities	13(a)	<u>79,179</u>	<u>(4,486)</u>
<b>Returns on investment and servicing of finance</b>			
Interest received		173	31
Interest paid		<u>(26,373)</u>	<u>(6,832)</u>
		<u>(26,200)</u>	<u>(6,801)</u>
<b>Capital expenditure and financial investment</b>			
Purchases and expenditure on fixed assets		(215,021)	(131,083)
Proceeds on disposal of fixed assets		<u>8</u>	<u>287</u>
		<u>(215,013)</u>	<u>(130,796)</u>
<b>Distributions to partners</b>	12	<u>(12,400)</u>	<u>-</u>
<b>Net cash outflow before financing</b>		<u>(174,434)</u>	<u>(142,083)</u>
<b>Financing</b>			
Repayment of Partners' contributions	12	-	(217,705)
Repayment of borrowings		-	(889,719)
Increase in borrowings		181,331	1,296,658
Loan arrangement costs paid		<u>(244)</u>	<u>(7,732)</u>
<b>Increase in cash</b>		<u>6,653</u>	<u>39,419</u>
<b>Reconciliation of net cash flow to movements in net debt.</b>			
Increase in cash		6,653	39,419
Cash inflow from increase in debt		<u>(181,087)</u>	<u>(397,317)</u>
Change in net debt resulting from cash flows	13(b)	(174,434)	(357,898)
Amortisation of loan arrangement costs	13(b)	(1,490)	(433)
Other non-cash movements	13(b)	<u>-</u>	<u>(141)</u>
<b>Movement in net debt</b>	13(b)	(175,924)	(358,472)
<b>Net debt at 1 January</b>	13(b)	<u>(662,791)</u>	<u>(304,319)</u>
<b>Net debt at 31 December</b>	13(b)	<u>(838,715)</u>	<u>(662,791)</u>

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### NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2012

#### 1. ACCOUNTING POLICIES

##### BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties.

The financial statements are prepared under Regulation 4 of the Partnerships (Accounts) Regulations 2008. They are prepared in accordance with applicable United Kingdom accounting standards and in accordance with the Second Amended and Restated Limited Partnership Agreement dated 4 October 2011.

##### GOING CONCERN

The Partnership has net current liabilities, the majority of which are due to related parties. The Partnership is therefore dependent upon its partners and their ultimate controlling parties for financial support. The General Partner, having made enquiries, has a reasonable expectation that the Partnership will continue to receive the necessary financial support to meet its obligations as they fall due, for at least twelve months from the date of approval of these financial statements.

As with any partnership placing reliance on related parties for financial support, the General Partner acknowledges that there can be no certainty that support will continue although, at the date of approval of these financial statements, it has no reason to believe that it will not do so. Accordingly, the General Partner believes that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

##### INVESTMENT PROPERTIES

In accordance with SSAP 19 'Accounting for investment properties', investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, except where a deficit on an individual investment property is expected to be permanent in which case it is charged (or credited, where a deficit is reversed) to the profit and loss account for the period.

Properties held for redevelopment and costs incurred in exploring future developments are capitalised and included by the valuers in the open market valuation.

##### DEBTORS

The amounts presented in the balance sheet are net of provisions for doubtful debts. An allowance for impairment is made where there is an identified loss event, which evidences irrecoverability of the debtor.

##### LOANS

##### Interest-bearing loans and borrowings

Loans and borrowings are initially recorded at net proceeds. Loans are presented net of issue costs, which are amortised over the term of the loan. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

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### Interest rate swaps

The Partnership uses interest rate swaps to mitigate the risk of interest rate fluctuations. The Partnership does not hold financial instruments for speculative purposes. Interest rate swaps are not revalued to fair value or shown in the Partnership's balance sheet at the year end since the provisions of Financial Reporting Standard 26 (*Financial Instrument Recognition and Measurement*) have not been adopted.

The fair value of derivatives held at the balance sheet date is determined by reference to their market values. Interest payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts.

### TURNOVER

Turnover, which is stated net of Value Added Tax, represents rental income from investment properties, service charge amounts recovered from tenants of the Westfield Stratford City Shopping Centre and other income and recoveries. Any lease incentives granted to tenants to enter into a lease are amortised over the lease period until the earlier of the next break or the lease expiry.

### FINANCE COSTS

All costs incurred directly in the arrangement of loans are included within the carrying value of loan balances. Such costs are charged to the profit and loss account over the term of the loan.

Interest receivable and payable is recognised as interest accrues, using the effective interest method. All interest is recognised in the profit and loss account.

### TAXATION

The Partnership is regarded as transparent for UK tax purposes and each Partner is responsible for its own tax liabilities. Accordingly, no provision for taxation has been made in these financial statements.

## 2. TURNOVER

	2012 £'000	2011 £'000
Rental income	78,726	14,786
Service charge recoveries	17,113	5,297
Other income	<u>13,532</u>	<u>2,511</u>
	<u>109,371</u>	<u>22,594</u>

## 3. OPERATING PROFIT

This is stated after charging auditor's remuneration for the audit of the financial statements of £58,665 (2011 £48,665). No non-audit services were provided during the current or prior year.

## 4. STAFF COSTS

The Partnership has no employees (2011 nil)

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### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from related parties	54	2
Bank interest receivable	119	29
	173	31

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable to related parties	2,781	6,575
Bank interest payable	20,300	6,305
Unwinding of discount in respect of obligations to third parties	-	35
Amortisation of loan arrangement fees	1,490	433
	24,571	13,348

### 7. INVESTMENT PROPERTIES

<b>Freehold investment properties</b>	<b>£'000</b>
<b>At Valuation</b>	
Net book value at 1 January 2012	1,575,771
Additions	19,650
Surplus arising on revaluation	23,343
Net book value at 31 December 2012	1,618,764
Amount included in accrued income in respect of lease incentives	28,236
Open market valuation at 31 December 2012	1,647,000
Open market valuation at 31 December 2011	1,605,000

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The valuation is based on the General Partner's assessment of the value of the properties, taking into account an independent valuation prepared by CBRE, Chartered Surveyors, which was updated at the balance sheet date.

The historical cost of the freehold investment properties included at open market valuation at 31 December 2012 was £1,045,917,092 (2011 £1,026,268,031).

### 8. DEBTORS

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	462	95
Amounts due from related parties	2,648	1,250
VAT receivable	1,594	17,932
Other debtors	227	924
Prepayments and accrued income	<u>30,837</u>	<u>30,795</u>
	<u>35,768</u>	<u>50,996</u>

Included within prepayments and accrued income is an amount of £28,236,467 (2011 £29,228,729) in respect of lease incentives, of which £8,400,831 (2011 £16,315,389) falls due after more than one year.

### 9. CREDITORS. amounts falling due within one year

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	961	700
Amounts due to related parties	464,564	497,502
Other creditors	4,284	6,368
Accruals and deferred income	<u>18,107</u>	<u>10,105</u>
	<u>487,916</u>	<u>514,675</u>

### 10. CREDITORS: amounts falling due after more than one year

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Bank loan (see note 11)	543,047	541,801
Tenant deposits	<u>5,947</u>	<u>4,303</u>
	<u>548,994</u>	<u>546,104</u>

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### 11. LOANS

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Wholly repayable		
- within one year	341,741	160,410
- over five years	<u>550,000</u>	<u>550,000</u>
	891,741	710,410
Less unamortised loan arrangement fees	<u>(6,953)</u>	<u>(8,199)</u>
	<u>884,788</u>	<u>702,211</u>

Loans, wholly repayable within one year, are included in amounts due to related parties in Note 9.

A £550,000,000 loan has been drawn down from Eurohypo AG and is repayable on 14 September 2017. Interest is charged at the floating rate LIBOR plus margin per annum over the term of the loan.

Loans from Westfield UK Finance Limited and Canneth Limited Partnership Inc of £170,870,504 each, were repayable in full on 2 April 2013. On maturity the loans were rolled over for a three month term and are repayable on 2 July 2013. Interest is charged at the floating rate of LIBOR plus margin per annum over the term of the loans.

The Partnership has entered into interest rate swap contracts with Crédit Agricole, Eurohypo AG and HSBC Bank PLC for the nominal value of £150,000,000 for each of the three contracts which mature on 14 September 2017. Under the terms of the contract, a fixed rate of 1.82% is paid by the Partnership, and a floating rate of LIBOR plus margin is received.

The purpose of these instruments is to hedge against interest rate fluctuations.

The fair value of the derivatives held at the balance sheet date, determined by reference to their market values and which include accrued interest, are as follows.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial asset</b>		
Interest rate swaps	<u>21,369</u>	<u>11,583</u>

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12. PARTNERS' ACCOUNTS

	Stratford City Shopping Centre (No.1) General Partner Limited £'000	Stratford City Managing Trustee Limited £'000	Total £'000
<b><u>Capital accounts</u></b>			
At 1 January 2012 and 31 December 2012	00	01	01
<b><u>Subordinated debt</u></b>			
At 1 January 2012 and 31 December 2012	314	62,384	62,698
<b><u>Current accounts</u></b>			
Share of profit			
At 1 January 2012	(34)	(6,759)	(6,793)
Distributions in the year	(62)	(12,338)	(12,400)
Share of profit for the year	237	47,107	47,344
At 31 December 2012	141	28,010	28,151
<b><u>Revaluation reserve</u></b>			
At 1 January 2012	2,747	546,756	549,503
Surplus arising on revaluation for the year	117	23,226	23,343
At 31 December 2012	2,864	569,982	572,846
Total current accounts			
At 31 December 2012	3,005	597,992	600,997
At 31 December 2011	2,713	539,997	542,710
<b><u>Total Partners' Accounts</u></b>			
At 31 December 2012	3,319	660,376	663,695
At 31 December 2011	3,027	602,381	605,408

No interest is charged on the Partners' capital, subordinated debt or current accounts.

6 Stratford City Managing Trustee Limited as managing trustee for Stratford City Shopping Centre Jersey Unit Trust (No.1)

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**13. NOTES TO THE CASH FLOW STATEMENT**

**(a) Reconciliation of operating profit to cash flow from operations**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit	71,734	12,240
Increase in debtors	(2,701)	(32,932)
Increase in creditors	<u>10,146</u>	<u>16,206</u>
<b>Cash flow from operations</b>	<u><u>79,179</u></u>	<u><u>(4,486)</u></u>

**(b) Analysis of net debt**

	<b>At 1 January</b>	<b>Net cash</b>	<b>Other non-cash</b>	<b>At 31 December</b>
	<b>2012</b>	<b>flows</b>	<b>movements</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand Loans	39,420	6,653	-	46,073
- falling due within one year	(160,410)	(181,331)	-	(341,741)
- falling due after more than one year	<u>(541,801)</u>	<u>244</u>	<u>(1,490)</u>	<u>(543,047)</u>
	<u><u>(662,791)</u></u>	<u><u>(174,434)</u></u>	<u><u>(1,490)</u></u>	<u><u>(838,715)</u></u>

**14. RELATED PARTY TRANSACTIONS**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts due from related parties</b>		
Stratford CCH Limited	2,338	1,096
Stratford City Car Park Limited	79	23
Stratford City JV Business Manager Limited	4	-
Stratford City Offices (No.5) Limited Partnership	188	-
Stratford City Shopping Centre (No.2) Limited Partnership	26	24
Stratford City Shopping Centre Jersey Unit Trust (No.1)	<u>13</u>	<u>107</u>
	<u><u>2,648</u></u>	<u><u>1,250</u></u>

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	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts due to related parties</b>		
Canneth Limited Partnership Inc	170,917	80,205
MH (No.1) Limited Partnership	6	-
Stratford City JV Business Manager Limited	-	4
Stratford City Offices (No.4) Limited Partnership	2	-
Stratford City Shopping Centre (No.1) General Partner Limited	1,134	1,077
Stratford Retail Shopping Centre Investments (No.1) General Partner Limited	21	-
Stratford Retail Shopping Centre Investments (No.2) General Partner Limited	21	-
Stratford Utilities Limited	180	723
Westfield UK Finance Limited	170,917	80,205
Westfield Shoppingtowns Limited	121,361	335,288
The Wilmslow (No.3) Limited Partnership	5	-
	464,564	497,502

Stratford City Shopping Centre (No.1) General Partner Limited acts as General Partner to the Partnership.

Stratford City Managing Trustee Limited acts as Trustee for Stratford City Shopping Centre Jersey Unit Trust (No.1), a Limited Partner of the Partnership.

Stratford City JV Business Manager Limited is jointly controlled by the same parties that control Stratford City Managing Trustee Limited.

Stratford Retail Shopping Centre Investments (No.1) General Partner Limited, Stratford Retail Shopping Centre Investments (No.2) General Partner Limited, Stratford City Car Park Limited and Stratford Utilities Limited are controlled by Stratford City JV Business Manager Limited.

Stratford City Shopping Centre (No.2) Limited Partnership is controlled by the same parties as the Partnership.

Stratford City Offices (No.4) Limited Partnership, Stratford City Offices (No.5) Limited Partnership, The Wilmslow (No.3) Limited Partnership and MH (No.1) Limited Partnership have investors in common with the Partnership.

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Stratford CCH Limited is controlled by Stratford City JV Business Manager Limited. A loan receivable of £2,586,176 (2011 £1,400,592) and interest receivable of £1,374 (2011 £1,214) are due from Stratford CCH Limited at the balance sheet date. The rate of interest receivable on the loan is LIBOR plus margin over the term of the loan. At the balance sheet date, the Partnership had cooling and heating charges payable of £249,840 (2011 £308,677). During the year Stratford CCH Limited made repayments on the loan of £410,818 (2011 £nil), borrowed £1,550,000 (2011 £1,400,592) and the Partnership settled cooling and heating charges of £308,677 (2011 £nil).

Westfield Shoppingtowns Limited acts as developer for the shopping centre and has a formal agreement in place to manage the Partnership's day to day activities. The company has a number of key management personnel in common with the General Partner. Total charges from Westfield Shoppingtowns Limited (which included payments on investment properties) during the year amounted to £143,910,422 (2011 £439,496,307).

Canneth Limited Partnership Inc is an associate of the Partnership's controlling parties. A loan payable of £170,870,504 (2011 £80,134,569) and interest payable of £46,638 (2011 £70,578) are owed to Canneth Limited Partnership Inc at the balance sheet date. The rate of interest payable on the loan is LIBOR plus margin over the term of the loan. During the year the Partnership borrowed £91,000,000 (2011 £79,870,502) from Canneth Limited Partnership Inc.

Westfield UK Finance Limited is an associate of the Partnership's controlling parties. A loan payable of £170,870,504 (2011 £80,134,569) and interest payable of £46,638 (2011 £70,578) are owed to Westfield UK Finance Limited at the balance sheet date. The rate of interest payable on the loan is LIBOR plus margin over the term of the loan. During the year the Partnership made repayments of £nil (2011 £889,719,065) and borrowed £91,000,000 (2011 £665,533,946) from Westfield UK Finance Limited.

No interest is charged on amounts owed by any of the above parties, unless stated above.

### **15. PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertakings of the Partnership are Stratford City Shopping Centre Jersey Unit Trust (No.1), a Trust registered in Jersey and Stratford City Shopping Centre (No.1) General Partner Limited, a company incorporated in the United Kingdom and registered in England and Wales.

Stratford City Managing Trustee Limited, as managing trustee for Stratford City Shopping Centre Jersey Unit Trust (No.1), is jointly controlled by Cavemont Pty Limited, a company incorporated in Australia, and Canneth BM (Shareholder) Co Limited, a company incorporated in Jersey.

In the General Partner's opinion, there is no ultimate controlling party.

### **16. GUARANTEES**

The Partnership has provided unsecured guarantees to fellow group undertakings during the year. The Directors do not believe that any payments under the guarantee will be required, and as such no provision has been recorded in the financial statements.

### **17. SUBSEQUENT EVENTS**

Subsequent to the year end the General Partner approved distributions totalling £17,000,000 to the Partners.

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Registered No LP12959

**Stratford City Shopping Centre (No.1) Limited Partnership**

Report and Financial Statements

31 December 2013

GENERAL PARTNER

Stratford City Shopping Centre (No.1)  
General Partner Limited  
6th Floor  
MidCrty Place  
71 High Holborn  
London  
WC1V 6EA

AUDITOR

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

REGISTERED OFFICE

6th Floor  
MidCity Place  
71 High Holborn  
London  
WC1V 6EA

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## STRATEGIC REPORT

The General Partner presents its Strategic Report for the year ended 31 December 2013.

## REVIEW OF THE BUSINESS

The Partnership's principal activity continued to be directly or indirectly acquiring, maintaining and letting property for investment purposes in Westfield Stratford City Shopping Centre during the year. The General Partner believes the Partnership will continue these activities for the foreseeable future.

Stratford City Shopping Centre (No.1) General Partner Limited, acting as General Partner (the 'General Partner'), has a 0.5% interest in the profits and assets of the Partnership. The other Limited Partner with interest in the Partnership is Stratford City Managing Trustee Limited as managing trustee for Stratford City Shopping Centre Jersey Unit Trust (No.1) 99.5%.

The Partnership's key financial and other performance indicators during the year were as follows

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>	<b>Change</b> <b>£'000</b>	<b>Change</b> <b>£'000</b>
Turnover	100,779	109,371	(8,592)	(8)
Profit on ordinary activities	36,028	47,344	(11,316)	(24)
Partners' funds	784,492	663,695	120,797	18

Turnover decreased compared to the previous year, primarily due to opportunities which arose in the prior year due to the London Olympics which did not recur during the year.

The profit on ordinary activities decreased compared to the previous year, primarily as a result of an increase in net interest payable and reduced turnover, partially offset by reduced administrative expenses.

Partners' funds increased during the year, primarily as a result of the revaluation of the Westfield Stratford City Shopping Centre and profit for the year, reduced by distributions paid to the Partners.

## PRINCIPAL RISKS AND UNCERTAINTIES

The General Partner has identified the following key risks and mitigating factors affecting the Partnership.

### Property market risk

Movement in the value of Partners' funds is primarily driven by movements in the valuation of the Westfield Stratford City Shopping Centre. Small changes in property market yields and other valuation assumptions can have a significant effect on the valuation of investment property.

The valuation risk is mitigated through marketing, leasing, building maintenance and redevelopment strategies aimed at maintaining and enhancing the market value of the shopping centre.

As a Partnership with investments in property for retail and leisure tenants, the business is exposed to a downturn in consumer spending. This would reduce the profitability of occupiers, which could lead to an increase in vacancies.

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The consumer spending risk is mitigated by the Stratford City Shopping Centre (No.1) Limited Partnership actively managing the operation of the centre, tracking performance against a range of measures, leasing strategies and through actively marketing and promoting the shopping centre.

### **Competition and economic environment**

The Partnership's turnover is derived mainly from managing and letting retail space, and other recoveries and recharges as permitted under leasing contracts. The Partnership's management and letting services income is driven by the performance of the Westfield Stratford City Shopping Centre.

The UK retail industry is highly competitive, and any deterioration in the income at the shopping centre will impact the Partnership. The Partnership actively manages the operation of the centres, tracking performance against a range of measures, and appointing experienced management teams to reduce this risk.

### **Cash flow risk**

Any decrease of future anticipated turnover or increase in expenses may lead to an inability to meet the Partnership's creditor and loan interest obligations.

The Partnership maintains sufficient working capital through monitoring of anticipated turnover and counterparty exposures.

### **Credit risk**

The Partnership's credit risk is primarily attributable to the recoverability of amounts due from intercompany, trade and other debtors.

Partnership policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit assessment procedures.

### **Liquidity risk**

A material decrease in turnover or increase in expenditure may lead to an inability to meet creditor obligations.

In order to maintain liquidity and ensure that sufficient funds are available for ongoing operation and future developments, the Partnership uses a mixture of short-term and long-term debt finance.

The Partnership uses interest rate swaps to hedge its exposure to interest rate risks associated with the debt finance in place.

Signed on behalf of the General Partner of Stratford City Shopping Centre (No.1) Limited Partnership.

Director, Stratford City Shopping Centre (No.1) General Partner Limited

Name Philip Slavin

Date 30 April 2014

### **GENERAL PARTNER'S REPORT**

The General Partner presents its Report for the year ended 31 December 2013.

## Project Agora

### **DISTRIBUTIONS**

The General Partner does not recommend the payment of distributions at the balance sheet date (2012 £nil).

### **GOING CONCERN**

Note 1 sets out the basis upon which the General Partner believes that it remains appropriate to prepare the financial statements on a going concern basis.

### **FUTURE DEVELOPMENTS**

The General Partner anticipates that the activity of the Partnership will continue for the foreseeable future.

### **EVENTS SINCE THE BALANCE SHEET DATE**

The Notes to the Financial Statements describe events subsequent to the balance sheet date.

### **THE GENERAL PARTNER AND INDEMNITY**

Each Director of the General Partner shall be indemnified by the General Partner against all liabilities, costs and expenses incurred in the execution and discharge of their duties.

### **STRATEGIC REPORT**

A Strategic Report containing the review of the business and principal risks and uncertainties facing the Partnership has been approved by the General Partner and is presented on pages 2 and 3 of the financial statements.

### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as the General Partner at the date of approving this Report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. The General Partner has taken all the steps that they are obliged to take as a General Partner in order to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

Signed on behalf of the General Partner of Stratford City Shopping Centre (No.1) Limited Partnership.

Director, Stratford City Shopping Centre (No.1) General Partner Limited

Name Philip Slavin

Date 30 April 2014

## Project Agora

### **STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES**

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

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law to give a true and fair view of the state of affairs of the Partnership at the end of the financial period and of the profit or loss for that period. In preparing those financial statements, the General Partner is required to

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

The General Partner is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Partnership and to enable them to ensure that the financial statements comply with the Partnerships (Accounts) Regulations 2008. They are 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.

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRATFORD CITY SHOPPING CENTRE (NO.1) LIMITED PARTNERSHIP**

We have audited the financial statements of Stratford City Shopping Centre (No.1) Limited Partnership for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to Partners, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Partners those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Partners, as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF GENERAL PARTNER AND AUDITOR**

As explained more fully in the Statement of General Partner's Responsibilities set out on page 276, 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.

## Project Agora

### **SCOPE OF THE AUDIT OF 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 General Partner, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us 'in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **OPINION ON 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 year ended 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

### **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.

Nick Gamer (Senior statutory auditor)  
*For and on behalf of Ernst & Young LLP, Statutory Auditor London*

Date 30 April 2014

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**PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2013**

	<b>Note</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Turnover</b>	2	100,779	109,371
Cost of sales		<u>(21,059)</u>	<u>(20,893)</u>
Gross profit		79,720	88,478
Administrative expenses		<u>(10,705)</u>	<u>(16,744)</u>
<b>Operating profit</b>	3	69,015	71,734
Profit on disposal of fixed assets		-	8
Interest receivable and similar income	5	219	173
Interest payable and similar charges	6	<u>(33,206)</u>	<u>(24,571)</u>
<b>Profit on ordinary activities</b>	12	<u><u>36,028</u></u>	<u><u>47,344</u></u>

	<b>Note</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Apportionment of profit</b>			
Stratford City Shopping Centre (No.1) General Partner Limited	12	180	237
Stratford City Managing Trustee Limited <sup>7</sup>	12	<u>35,848</u>	<u>47,107</u>
		<u><u>36,028</u></u>	<u><u>47,344</u></u>

All amounts relate to continuing activities

**STATEMENT OF TOTAL RECOGNISED GAINS  
AND LOSSES for the year ended  
31 December 2013**

	<b>Note</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Profit for the year	12	36,028	47,344
Unrealised surplus arising on revaluation of investment properties	12	<u>135,369</u>	<u>23,343</u>
Total recognised profit for the year		<u><u>171,397</u></u>	<u><u>70,687</u></u>

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7 Stratford City Managing Trustee Limited as managing trustee for Stratford City Shopping Centre Jersey Unit Trust (No.1)

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**BALANCE SHEET**  
as at 31 December 2013

	<b>Note</b>	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
<b>FIXED ASSETS</b>			
Investment properties	7	1,684,171	1,618,764
<b>CURRENT ASSETS</b>			
Debtors	8	32,322	35,768
Cash at bank and in hand		<u>36,596</u>	<u>46,073</u>
		68,918	81,841
<b>CURRENT LIABILITIES</b>			
Creditors amounts falling due within one year	9	(419,363)	(487,916)
<b>NET CURRENT LIABILITIES</b>		<u>(350,445)</u>	<u>(406,075)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,333,726	1,212,689
<b>NON-CURRENT LIABILITIES</b>			
Creditors amounts falling due after more than one year	10	<u>(549,234)</u>	<u>(548,994)</u>
<b>NET ASSETS</b>		<u><u>784,492</u></u>	<u><u>663,695</u></u>
<b>PARTNERS' FUNDS</b>			
Partners' capital accounts	12	0	0
Partners' subordinated debt	12	62,698	62,698
Partners' current accounts	12	<u>721,794</u>	<u>600,997</u>
	12	<u><u>784,492</u></u>	<u><u>663,695</u></u>

Approved by the General Partner on 30 April 2014 and signed on its behalf by

Director, Stratford City Shopping Centre (No.1) General Partner Limited

Name Philip Slavin

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**CASH FLOW STATEMENT  
for the year ended 31 December 2013**

	<b>Note</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Net cash inflow from operating activities</b>	13(a)	<u>78,518</u>	<u>79,179</u>
<b>Returns on investment and servicing of finance</b>			
Interest received		197	173
Interest paid		<u>(28,814)</u>	<u>(26,373)</u>
		<u>(28,617)</u>	<u>(26,200)</u>
<b>Capital expenditure and financial investment</b>			
Purchases and expenditure on fixed assets		(8,778)	(215,021)
Proceeds on disposal of fixed assets		<u>-</u>	<u>8</u>
		<u>(8,778)</u>	<u>(215,013)</u>
<b>Distributions to partners</b>	12	<u>(50,600)</u>	<u>(12,400)</u>
<b>Net cash outflow before financing</b>		<u>(9,477)</u>	<u>(174,434)</u>
<b>Financing</b>			
Increase in borrowings		-	181,331
Loan arrangement costs paid		<u>-</u>	<u>(244)</u>
<b>(Decrease)/increase in cash</b>		<u>(9,477)</u>	<u>6,653</u>
<b>Reconciliation of net cash flow to movements in net debt:</b>			
(Decrease)/increase in cash		(9,477)	6,653
Cash inflow from increase in debt		<u>-</u>	<u>(181,087)</u>
Change in net debt resulting from cash flows	13(b)	(9,477)	(174,434)
Amortisation of loan issue costs	13(b)	<u>(1,478)</u>	<u>(1,490)</u>
<b>Movement in net debt</b>	13(b)	(10,955)	(175,924)
<b>Net debt at 1 January</b>	13(b)	<u>(838,715)</u>	<u>(662,791)</u>
<b>Net debt at 31 December</b>	13(b)	<u>(849,670)</u>	<u>(838,715)</u>

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### NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2013

#### 1. ACCOUNTING POLICIES

##### BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties.

The financial statements are prepared under Regulation 4 of the Partnerships (Accounts) Regulations 2008. They are prepared in accordance with applicable United Kingdom accounting standards and in accordance with the Second Amended and Restated Limited Partnership Agreement dated 4 October 2011.

##### GOING CONCERN

The Partnership has net current liabilities, the majority of which are due to related parties. The Partnership is therefore dependent upon its partners and their ultimate controlling parties for financial support. The General Partner, having made enquiries, has a reasonable expectation that the Partnership will continue to receive the necessary financial support to meet its obligations as they fall due, for at least twelve months from the date of approval of these financial statements.

As with any partnership placing reliance on related parties for financial support, the General Partner acknowledges that there can be no certainty that support will continue although, at the date of approval of these financial statements, it has no reason to believe that it will not do so. Accordingly, the General Partner believes that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

##### INVESTMENT PROPERTIES

In accordance with SSAP 19 'Accounting for investment properties', investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, except where a deficit on an individual investment property is expected to be permanent in which case it is charged (or credited, where a deficit is reversed) to the profit and loss account for the period.

Properties held for redevelopment and costs incurred in exploring future developments are capitalised and included in the open market valuation.

##### DEBTORS

The amounts presented in the balance sheet are net of provisions for doubtful debts. An allowance for impairment is made where there is an identified loss event, which evidences irrecoverability of the debtor.

##### LOANS

##### Interest-bearing loans and borrowings

Loans and borrowings are initially recorded at net proceeds. Loans are presented net of issue costs, which are amortised over the term of the loan. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

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### Interest rate swaps

The Partnership uses interest rate swaps to mitigate the risk of interest rate fluctuations. The Partnership does not hold financial instruments for speculative purposes Interest rate swaps are not revalued to fair value or shown in the Partnership's balance sheet at the year end since the provisions of Financial Reporting Standard 26 (*Financial Instrument Recognition and Measurement*) have not been adopted.

The fair value of derivatives held at the balance sheet date is determined by reference to their market values. Interest payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts.

### TURNOVER

Turnover, which is stated net of Value Added Tax, represents rental income from investment properties, service charge amounts recovered from tenants of the Stratford City Shopping Centre and other income and recoveries Any lease incentives granted to tenants to enter into a lease are amortised over the lease period until the earlier of the next break from which it is expected the prevailing market rental will be payable or the lease expiry date.

### FINANCE INCOME

Interest receivable is recognised as interest accrues, using the effective interest method All interest receivable is recognised in the profit and loss account.

### FINANCE COSTS

All costs incurred directly in the arrangement of loans are included within the carrying value of loan balances. Such costs are charged to the profit and loss account over the term of the loan.

Interest payable is recognised as interest accrues, using the effective interest method All interest payable is recognised in the profit and loss account.

### TAXATION

The Partnership is regarded as transparent for UK tax purposes and each Partner is responsible for its own tax liabilities Accordingly, no provision for taxation has been made in these financial statements.

## 2. TURNOVER

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Rental income	74,764	78,726
Service charge recoveries	17,489	17,113
Other income	<u>8,526</u>	<u>13,532</u>
	<u>100,779</u>	<u>109,371</u>

## 3. OPERATING PROFIT

This is stated after charging auditor's remuneration for the audit of the financial statements of £50,424 (2012 £58,665) No non-audit services were provided during the current or prior year.

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### 4. STAFF COSTS

The Partnership has no employees (2012 nil)

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from related parties	88	54
Bank interest receivable	131	119
	219	173

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable to related parties	11,915	2,781
Bank interest payable	19,813	20,300
Amortisation of loan arrangement fees	1,478	1,490
	33,206	24,571

### 7. INVESTMENT PROPERTIES

<b>Freehold investment properties</b>	<b>£'000</b>
<b>At Valuation</b>	
Net book value at 1 January 2013	1,618,764
Additions	4,546
Reversal of over accrued costs	(74,508)
Surplus arising on revaluation	135,369
Net book value at 31 December 2013	1,684,171
Amount included in accrued income in respect of lease incentives	24,829
Open market valuation at 31 December 2013	1,709,000
Open market valuation at 31 December 2012	1,647,000

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The valuation is based on the General Partner's assessment of the value of the properties, taking into account an independent valuation prepared by CBRE, Chartered Surveyors, which was updated at the balance sheet date.

The historical cost of the freehold investment properties included at open market valuation at 31 December 2013 was £975,955,322 (2012 £1,045,917,092).

### 8. DEBTORS

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	345	462
Amounts due from related parties	2,097	2,648
VAT receivable	-	1,594
Other debtors	917	227
Prepayments and accrued income	<u>28,963</u>	<u>30,837</u>
	<u>32,322</u>	<u>35,768</u>

Included within prepayments and accrued income is an amount of £24,829,234 (2012 £28,236,467) in respect of lease incentives, of which £15,383,753 (2012 £8,400,831) falls due after more than one year

### 9. CREDITORS: amounts falling due within one year

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	1,849	961
Amounts due to related parties	390,016	464,564
Other creditors	6,573	4,284
Accruals and deferred income	<u>20,925</u>	<u>18,107</u>
	<u>419,363</u>	<u>487,916</u>

### 10. CREDITORS: amounts falling due after more than one year

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Bank loan (see note 11)	544,525	543,047
Tenant deposits	<u>4,709</u>	<u>5,947</u>
	<u>549,234</u>	<u>548,994</u>

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### 11. LOANS

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Wholly repayable		
- within one year	341,741	341,741
- over five years	<u>550,000</u>	<u>550,000</u>
	891,741	891,741
Less unamortised loan issue costs	<u>(5,475)</u>	<u>(6,953)</u>
	<u><u>886,266</u></u>	<u><u>884,788</u></u>

Loans, wholly repayable within one year, are included in amounts due to related parties in Note 9

A £550,000,000 loan has been drawn down from Wells Fargo Bank Limited and is repayable on 14 September 2017. Interest is charged at the floating rate LIBOR plus margin per annum over the term of the loan.

Loans from Westfield UK Finance Limited and Canneth Limited Partnership Inc of £170,870,504 each, were repayable on 2 April 2014. On maturity the loans were rolled over for a three month term and are repayable on 2 July 2014. Interest is charged at the floating rate of LIBOR plus margin per annum over the term of the loans.

The Partnership has entered into interest rate swap contracts with Crédit Agricole, Wells Fargo Bank and HSBC Bank PLC for the nominal value of £150,000,000 for each of the three contracts which mature on 14 September 2017. Under the terms of the contract, a fixed rate of 1.82% is paid by the Partnership, and a floating rate of LIBOR plus margin is received.

The purpose of these instruments is to hedge against interest rate fluctuations.

The fair value of the derivatives held at the balance sheet date, determined by reference to their market values and which include accrued interest, are as follows

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial asset</b>		
Interest rate swaps	<u>4,709</u>	<u>21,369</u>

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12. PARTNERS' ACCOUNTS

	<b>Stratford City Shopping Centre (No.1) General Partner Limited £'000</b>	<b>Stratford City Managing Trustee Limited<sup>8</sup> £'000</b>	<b>Total £'000</b>
<b><u>Capital accounts</u></b>			
At 1 January 2013 and 31 December 2013	00	01	01
<b><u>Subordinated debt</u></b>			
At 1 January 2013 and 31 December 2013	314	62,384	62,698
<b><u>Current accounts</u></b>			
Share of profit			
At 1 January 2013	141	28,010	28,151
Distributions in the year	(253)	(50,347)	(50,600)
Share of profit for the year	180	35,848	36,028
At 31 December 2013	68	13,511	13,579
<b><u>Revaluation reserve</u></b>			
At 1 January 2013	2,864	569,982	572,846
Surplus arising on revaluation for the year	677	134,692	135,369
At 31 December 2013	3,541	704,674	708,215
<b><u>Total current accounts</u></b>			
At 31 December 2013	3,609	718,185	721,794
At 31 December 2012	3,005	597,992	600,997
<b><u>Total Partners' Accounts</u></b>			
At 31 December 2013	3,923	780,569	784,492
At 31 December 2012	3,319	660,376	663,695

No interest is charged on the Partners' capital, subordinated debt or current accounts

8 Stratford City Managing Trustee Limited as managing trustee for Stratford City Shopping Centre Jersey Unit Trust (No.1)

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Distributions of £50,600,000 were made to the Partners during the year (2012 £12,400,000)

### 13. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating profit to cash flow from operations

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit	69,015	71,734
Decrease/(increase) in debtors	3,446	(2,701)
Increase in creditors	6,057	10,146
Cash flow from operations	78,518	79,179

Analysis of net debt

	<b>At 1 January 2013 £'000</b>	<b>Net cash flows £'000</b>	<b>Other non-cash movements £'000</b>	<b>At 31 December 2013 £'000</b>
Cash at bank and in hand Loans	46,073	(9,477)	-	36,596
- falling due within one year	(341,741)	-	-	(341,741)
- falling due after more than one year	(543,047)	-	(1,478)	(544,525)
	(838,715)	(9,477)	(1,478)	(849,670)

### 14. RELATED PARTY TRANSACTIONS

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts due from related parties</b>		
Stratford CCH Limited	1,018	2,338
Stratford Utilities Limited	474	-
Stratford City Offices (No.5) Limited Partnership	335	188
Stratford City Shopping Centre (No.2) Limited Partnership	249	26
Stratford City Shopping Centre Jersey Unit Trust (No.1)	15	13
Stratford Retail Shopping Centre Investments (No.1) Limited Partnership	4	-

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Stratford City Shopping Centre Jersey Unit Trust (No.2)	2	-
Stratford City Car Park Limited	-	79
Stratford City JV Business Manager Limited	-	4
	2,097	2,648

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>

### Amounts due to related parties

Canneth Limited Partnership Inc	172,360	170,917
Westfield UK Finance Limited	172,360	170,917
Westfield Shoppingtowns Limited	43,970	121,361
Stratford City Shopping Centre (No.1) General Partner Limited	1,287	1,134
Stratford City JV Business Manager Limited	12	-
Stratford City Car Park Limited	27	-
Stratford Utilities Limited	-	180
Stratford Retail Shopping Centre Investments (No.1) General Partner Limited	-	21
Stratford Retail Shopping Centre Investments (No.2) General Partner Limited	-	21
MH (No.1) Limited Partnership	-	6
The Wilmslow (No.3) Limited Partnership	-	5
Stratford City Offices (No.4) Limited Partnership	-	2
	390,016	464,564

Stratford CCH Limited is controlled by Stratford City JV Business Manager Limited. At the balance sheet date a loan receivable of £1,843,238 (2012 £2,586,176) and interest receivable of £16,073 (2012 £1,374) are due from Stratford CCH Limited. The rate of interest receivable on the loan is LIBOR plus margin over the term of the loan. Material transactions during the year were that Stratford CCH Limited made repayments on the loan of £800,000 (2012 £410,818), borrowed £nil (2012 £1,550,000) and capitalised interest of £57,062 (2012 £45,189). The Partnership incurred cooling and heating costs of £842,543 (2012 £135,023) and settled charges of £135,023 (2012 £308,677).

Stratford Utilities Limited is controlled by Stratford City JV Business Manager Limited. At the balance sheet date, a loan receivable of £809,875 (2012 £nil) and interest receivable of £6,716 (2012 £nil) are

## Project Agora

due from Stratford Utilities Limited. The rate of interest receivable on the loan is LIBOR plus margin over the term of the loan. Material transactions during the year were that the Partnership advanced a loan of £800,103 (2012 £nil) and capitalised interest of £9,772 (2012 £nil), incurred energy costs of £337,161 (2012 £179,618) and settled charges of £177,071 (2012 £nil).

Stratford City Offices (No.5) Limited Partnership is controlled by Westfield Holdings Limited, a joint controller of the Partnership. During the year the Partnership incurred estate costs of £188,024 (2012 £168,964) and other administrative costs of £18,985 (2012 £18,642) on behalf of Stratford City Offices (No.5) Limited Partnership which were recharged. Intercompany charges of £59,971 were settled during the year.

Stratford City Shopping Centre (No.2) Limited Partnership, Stratford Retail Shopping Centre Investments (No.1) Limited Partnership and Stratford City Shopping Centre Jersey Unit Trust (No.2) are jointly controlled by the same parties as the Partnership.

Stratford City Managing Trustee Limited acts as Trustee for Stratford City Shopping Centre Jersey Unit Trust (No.1), a Limited Partner of the Partnership.

Stratford City JV Business Manager Limited is jointly controlled by the same parties that control Stratford City Managing Trustee Limited, Cavemont Pty Limited and Canneth BM (Shareholder) Co Limited.

Canneth Limited Partnership Inc is an associate of Canneth BM (Shareholder) Co Limited A loan payable of £170,870,504 (2012 £170,870,504) and interest payable of £1,489,956 (2012 £46,638) are owed to Canneth Limited Partnership Inc at the balance sheet date. The rate of interest payable on the loan is LIBOR plus margin over the term of the loan. During the year the Partnership borrowed £nil (2012 £91,000,000) from Canneth Limited Partnership Inc.

Westfield UK Finance Limited is a wholly owned subsidiary of Westfield Holdings Limited. A loan payable of £170,870,504 (2012 £170,870,504) and interest payable of £1,489,956 (2012 £46,638) are owed to Westfield UK Finance Limited at the balance sheet date. The rate of interest payable on the loan is LIBOR plus margin over the term of the loan. During the year the Partnership borrowed £nil (2012 £91,000,000) from Westfield UK Finance Limited.

Westfield Shoppingtowns Limited is a wholly owned subsidiary of Westfield Holdings Limited, which acts as developer for the shopping centre and has a formal agreement in place to manage the Partnership's day to day activities. The company has a number of key management personnel in common with the General Partner Material transactions during the year consisted of development billings of £9,374,671 (2012 £127,051,005), reduction in retail development forecast of £74,507,738, management fees of £5,726,631 (2012 £6,134,310), payroll recharges of £2,947,797 (2012 £2,859,908), other intercompany recharges of £1,682,177 (2012 £602,890) and the Partnership settled billings totalling £22,587,107 (2012 £241,546,302).

Stratford City Shopping Centre (No.1) General Partner Limited acts as General Partner to the Partnership.

Stratford Retail Shopping Centre Investments (No.1) General Partner Limited, Stratford Retail Shopping Centre Investments (No.2) General Partner Limited and Stratford City Car Park Limited are wholly owned subsidiary undertakings of Stratford City JV Business Manager Limited.

Stratford City Offices (No.4) Limited Partnership is controlled by Westfield Holdings Limited, a Joint controller of the Partnership.

The Wilmslow (No.3) Limited Partnership and MH (No.1) Limited Partnership are associates of Westfield Holdings Limited.

No interest is charged on amounts owed by any of the above parties, unless stated above.

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### **15. GUARANTEES**

The Partnership has provided unsecured guarantees to fellow group undertakings during the year. The Directors do not believe that any payments under the guarantee will be required, and as such no provision has been recorded in the financial statements.

### **16. PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertakings of the Partnership are Stratford City Shopping Centre Jersey Unit Trust (No.1), a Trust registered in Jersey and Stratford City Shopping Centre (No.1) General Partner Limited, a company incorporated in the United Kingdom and registered in England and Wales.

Stratford City Managing Trustee Limited, as managing trustee for Stratford City Shopping Centre Jersey Unit Trust (No.1), is jointly controlled by Cavemont Pty Limited, which is itself ultimately controlled by Westfield Holdings Limited, a company incorporated in Australia, and Canneth BM (Shareholder) Co Limited, a company incorporated in Jersey.

In the General Partner's opinion, there is no ultimate controlling party.

### **17. SUBSEQUENT EVENTS**

Subsequent to the year end the General Partner approved distributions totalling £10,800,000 to the Partners.

**PROJECT AGORA - DEAL SUMMARY REPORT**

**Report Date**

**Prior Report Date**

**Note Payment Date**

**Next Report Date**

**Deal Overview**

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**Individual Loan Summaries**

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**Issuer Information**

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**Counterparty Details**

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**PORTFOLIO INFORMATION**

Original Collateral Cut Off Date	
Collateral Cut-Off Date	
Portfolio Reporting Period	

<b>Portfolio Characteristics</b>	
Currency	
Outstanding Collateral Balance as of Closing	
Outstanding Collateral Balance As of Current Period	
Number of Loans Outstanding as at Closing	
Number of Loans Prepaid/Repaid in Full	
Number of Loans Outstanding as of Current Period	
Current Unscheduled Payments	
Current Scheduled Payments	
Number of Properties as of Closing	
Number of Properties as of Current Period	
Portfolio Open Market Value as of Closing	
Portfolio Open Market Value as of Current Period	
Portfolio Weighted Average Projected ICR	
Portfolio Weighted Average LTV	
Portfolio Weighted Average Loan Term in Months	

**WHOLE LOAN**

Original Information				Current information			
Loan Name	Loan Number	No. of Properties	Original Balance	No. of Properties	Current Ending Balance	ICR	LTV

**SECURITISED LOAN**

Original Information				Current information			
Loan Name	Loan Number	No. of Properties	Original Balance	No. of Properties	Current Ending Balance	ICR	LTV

**LOAN STATUS**

**Watchlist Activity - Current Information**

**Loan Name:**

**Watchlist Commentary**

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**Special Servicing - Current Information**

**Loan Name**

**Special Servicing Commentary**

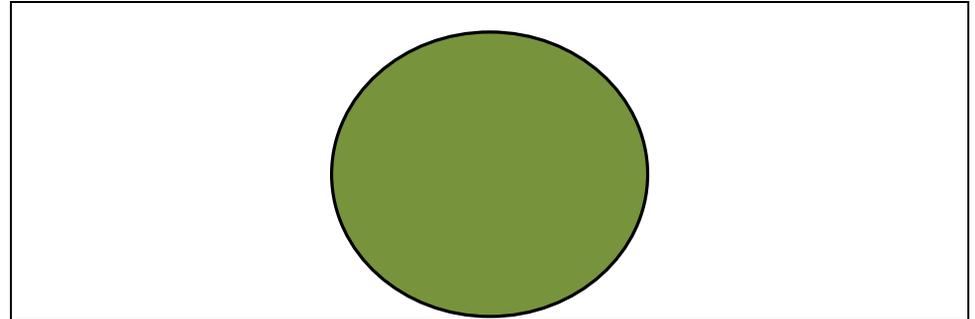
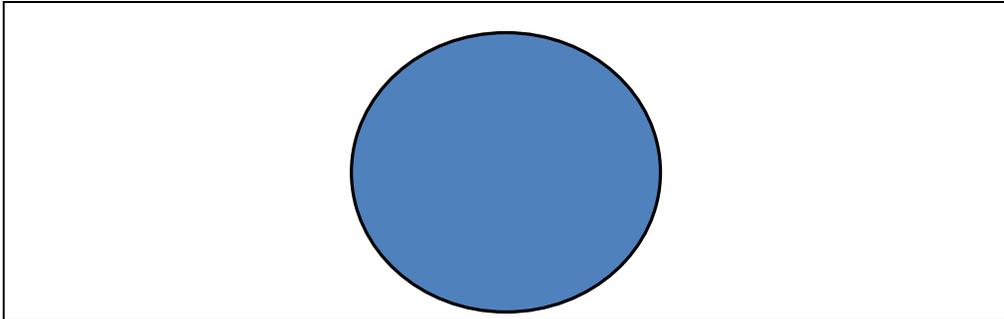
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SECTOR ANALYSIS

ORIGINAL		
Tenant Sector	No. of Units	% by Rent
Banking		
Drugstores		
Gaming		
Retail		
Restaurants		
Supermarkets		
Telecom		
Kiosk		
<b>Total</b>		

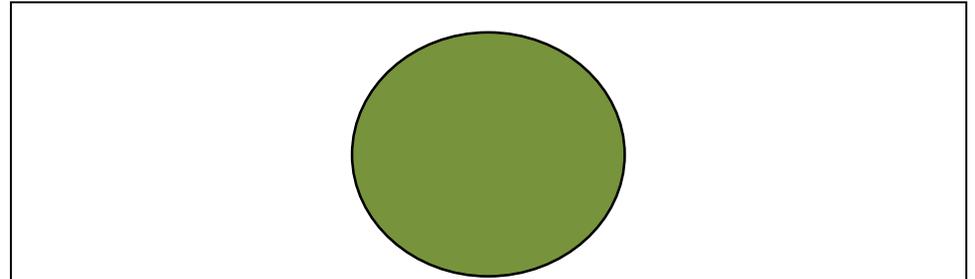
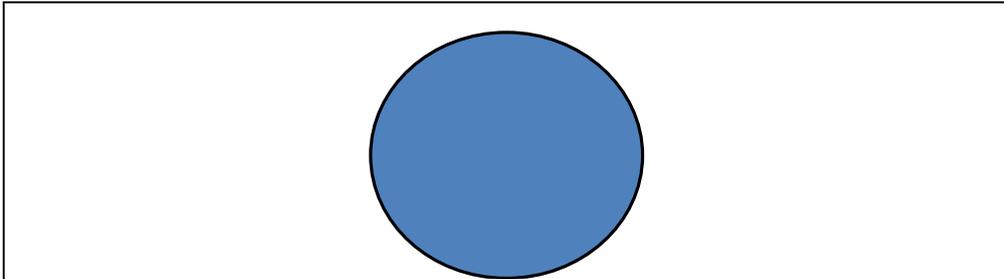
CURRENT		
Tenant Sector	No. of Units	% of Rent
Banking		
Drugstores		
Gaming		
Retail		
Restaurants		
Supermarkets		
Telecom		
Kiosk		
<b>Total</b>		



**SECTOR ANALYSIS**

CUT-OFF		
Mall Sector	No. of Units	% by Rent
ATM		
Food Court		
Kiosk		
Major		
Mini Major		
Specialty		
Storage		
<b>Total</b>		

CURRENT		
Mall Sector	No. of Units	% of Rent
ATM		
Food Court		
Kiosk		
Major		
Mini Major		
Specialty		
Storage		
<b>Total</b>		



Kiosk - Small open unit set ups  
 Major - Anchor units (John Lewis, Waitrose, Marks & Spencer, Vue Cinemas and Aspers Casino)  
 Mini Major - Units greater than 4,305 sqft (400 sqm)  
 Speciality - Units less than 4,305 sqft (400 sqm)

**STRATIFICATION TABLES**

	Cut-off				Current			
Rental Income	Area	% of Rent	WA lease to Break	WA lease to Maturity	Area	% of Rent	WA lease to Break	WA lease to Maturity
0 - £200k								
£200k - £500k								
£500k - £1m								
> £1m								

	Cut-off				Current			
Area (by Sq.Ft)	Area	% of Rent	WA lease to Break	WA lease to Maturity	Area	% of Rent	WA lease to Break	WA lease to Maturity
0 - 2000k								
2,000 - 15,000								
15,000 - 50,000								
50,000 - 100,000								
> 100,000								

**LOAN SUMMARY**

	Securitized	Whole Loan
Original Balance		
Current Opening Balance		
Scheduled Payments		
Unscheduled Payments		
Current Closing Balance		
All In Interest Rate		
Non-accruing Interest		
Early Redemption Premium		
Facility Fees		
Loan Maturity Date		
Remaining loan term in years		

Property Information		
Current Market Value		
Most recent Valuation Date		
Net Rentable Area (sq ft)		
No. of Tenants		
WA Remaining Lease term (months)	To First Break	To Expiry

Tenant Concentration			
Tenant Name	% of Rent	Remaining to Lease Break (years)	Remaining to Lease Maturity (years)
Tenant 1			
Tenant 2			
Tenant 3			
Tenant 4			
Tenant 5			
Tenant 6			
Tenant 7			
Tenant 8			
Tenant 9			
Tenant 10			
Top 10			
Rest			
Total			

	Actual	Historical Data			
	Current	Current - 1	Current - 2	Current - 3	Cut-Off
ICR					
Securitized					
Whole Loan					
LTV					
Securitized					
Whole Loan					
Current Occupancy Level (by Area)					
Arrears					
Operating Income					
Net Rental income					
Net Brand Alliance & Mall Retail					
Net Car Park					
Other					
Service Charge Deficiency					
Other Expenses (Incl. management)					
Net Operating Income					
Finance Costs					

Covenant Test	Securitized	Whole Loan
	Default	Default
ICR		
LTV		

Lease Breaks within	% of Rent	% of Area	Lease Maturity within	% of Rent	% of Area
	1 Year				
2 Year			2 Year		
3 Year			3 Year		
4 Year			4 Year		
5 Year			5 Year		
=>6 Year			=>6 Year		

**ISSUER INFORMATION**

Deal Summary	
Issue Date	
Note Interest Period	
Note Payment Date	
Next Note Payment Date	

**Note Information**

Tranche Name / Issue Name	Identifier	Legal Maturity Date	Original Tranche Balance	Tranche Balance Beginning of Period	Principal Distribution	Tranche Balance End of Period	Interest Distribution	Interest Shortfall	Index Rate Identifier
Total									

**ISSUER INFORMATION**

<b>Available Issuer Income</b>	

<b>Payment to Noteholders &amp; Others</b>	

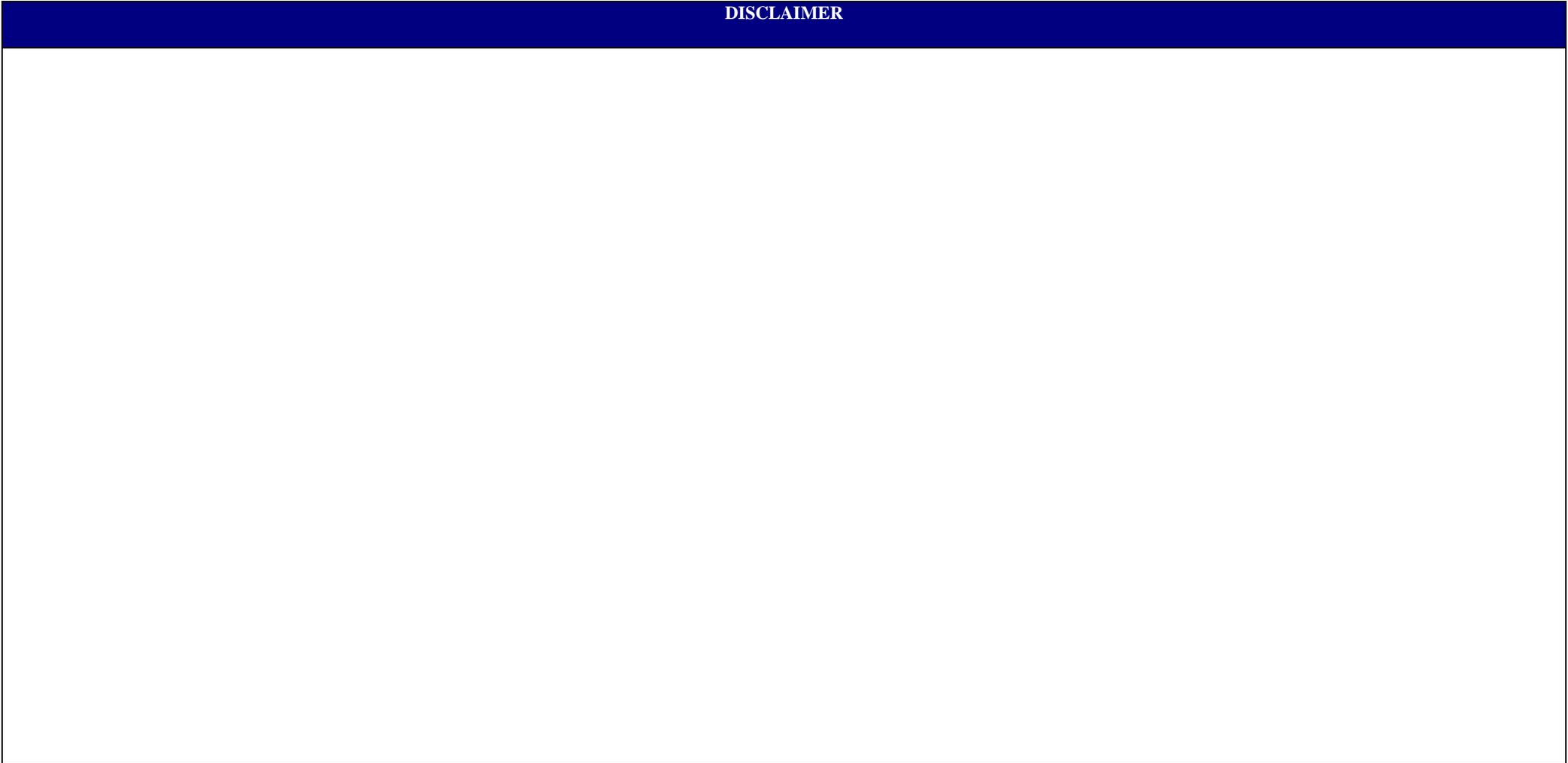
<b>Available Principal</b>	

<b>Revenue Expenses</b>	

<b>Total Receipts Available for Distribution</b>	
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<b>Total Funds Distributed</b>	
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