

TERMS AND CONDITIONS OF THE BONDS

The issue of the £200,000,000 6.875 per cent. Bonds due 2013 (the "Bonds", which expression shall, except where otherwise indicated, include any further bonds issued in accordance with Condition 13 and consolidated and forming a single series therewith) of Capital Shopping Centres PLC (the "Company") was authorised by resolutions of a sub-committee of the Board of Directors of the Company passed on 16th February, 1998 (duly constituted by a resolution of the Board of Directors of the Company passed on 30th January, 1998). The Bonds are constituted by a trust deed dated 5th March, 1998 (the "Trust Deed") between the Company and Bankers Trustee Company Limited (the "Trustee", which expression shall include all persons who for the time being are trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds and the holders of the Coupons (as defined below). The statements set out in these Terms and Conditions (the "Conditions") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bonds and the coupons appertaining to the Bonds (the "Coupons") and the talons for further Coupons (the "Talons"). The expression Coupons shall, unless the context otherwise requires, include the Talons. The Bondholders (as defined below) and the holders of the Coupons (the "Couponholders") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those applicable to them of the Paying Agency Agreement dated 5th March, 1998 (the "Agency Agreement") relating to the Bonds between the Company, the Trustee, Union Bank of Switzerland (the "Principal Paying Agent", which expression shall include any successor as principal paying agent under the Agency Agreement) and the other initial paying agents (such persons, together with the Principal Paying Agent being referred to below as the "Paying Agents", which expression shall include any successor paying agents under the Agency Agreement), copies of each of which are available for inspection during normal business hours at the registered office for the time being of the Trustee (being at the date of issue hereof at 1 Appold Street, Broadgate, London EC2A 2HE) and at the specified offices of the Paying Agents.

1. Form, Denomination and Title

(a) The Bonds are in bearer form, serially numbered, with 25 Coupons and one Talon attached on issue, in denominations of £1,000, £10,000 and £100,000. Bonds of one denomination may not be exchanged for Bonds of another denomination.

(b) Title to the Bonds and Coupons will pass by delivery. The holder of any Bond or Coupon will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss) and no person will be liable for so treating such person. In these Conditions, (in relation to a Bond) "Bondholder" and (in relation to a Bond or Coupon) "holder" means the bearer of any Bond or Coupon (as the case may be).

2. Status

The Bonds and the Coupons are direct, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Company and shall at all times rank *pari passu*, without any preference among themselves, (subject as aforesaid) with all its other present and future unsubordinated and unsecured obligations.

3. Negative Pledge

(a) So long as any of the Bonds remains outstanding (as defined in the Trust Deed) the Company will ensure that no Relevant Indebtedness (as defined below) of the Company or any of its Subsidiaries and no guarantee by the Company or any of its Subsidiaries of any Relevant Indebtedness of any other person will be secured by any mortgage, charge, lien, pledge or other security interest (each a "Security Interest") upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Company or any of its Subsidiaries unless the Company shall, before or at the same time as the creation of the Security Interest, take any and all action necessary to ensure that:

- (i) all amounts payable by it under the Bonds, the Coupons and the Trust Deed are secured equally and rateably with the Relevant Indebtedness or guarantee, as the case may be, by the Security Interest to the satisfaction of the Trustee; or
- (ii) such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided either (A) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (B) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders,

