



Bunzl Finance plc

(incorporated with limited liability in England & Wales with registered no. 01231760)

£300,000,000 2.250 per cent. Guaranteed Notes due 2025

unconditionally and irrevocably guaranteed by

Bunzl plc

(incorporated with limited liability in England & Wales with registered no. 00358948)

Issue price: 99.425 per cent.

The £300,000,000 2.250 per cent. Guaranteed Notes due 2025 (the “**Notes**”) are issued by Bunzl Finance plc (the “**Issuer**”) and are unconditionally and irrevocably guaranteed by Bunzl plc (the “**Guarantor**”). References herein to the “**Group**” are to the Guarantor and its subsidiaries (including the Issuer) taken as a whole.

The Issuer may, at its option, redeem all, but not some only, of the Notes at any time after the Issue Date at the relevant redemption make-whole amount plus the applicable margin and accrued interest, as described under “*Terms and Conditions of the Notes - Redemption and Purchase*”. The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes, as described under “*Terms and Conditions of the Notes - Redemption and Purchase*”. Upon the occurrence of certain change of control events relating to the Guarantor, which lead to a negative rating action being taken by any relevant credit rating agencies, each Noteholder shall have the option to require the Issuer to redeem or purchase the Notes of such holder at par plus accrued interest, as described under “*Terms and Conditions of the Notes - Redemption and Purchase*”. The Issuer may, at its option, choose to redeem all, but not some only, of the Notes at any time on or after 11 March 2025 at par plus accrued interest, as described under “*Terms and Conditions of the Notes - Redemption and Purchase*”. The Notes mature on 11 June 2025, unless the Notes are redeemed earlier in accordance with “*Terms and Conditions of the Notes - Redemption and Purchase*”.

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

a division of The McGraw-Hill Companies Inc. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes will initially be represented by a temporary global note (the “**Temporary Global Note**”), without interest coupons, which will be issued in new global note (“**NGN**”) form and will be delivered on or about 11 December 2017 (the “**Issue Date**”) to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”). 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, on or after 22 January 2018, 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 — see “*Summary of Provisions relating to the Notes while represented by the Global Notes*”.

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading “*Risk Factors*” in this Prospectus.

Joint Lead Managers

BofA Merrill Lynch

BNP PARIBAS

Lloyds Bank

Santander Global Corporate Banking

The date of this Prospectus is 7 December 2017

IMPORTANT NOTICES

This Prospectus comprises a prospectus for the purposes of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the “**Prospectus Directive**”) and for the purpose of giving information with regard to the Issuer, the Guarantor, the Group, the Notes and the Guarantee, which, according to the particular nature of the Issuer, the Guarantor, the Notes and the Guarantee, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Guarantor and the rights attaching to the Notes and the Guarantee.

The Issuer and the Guarantor accept responsibility for the information contained in this document. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all of the documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Prospectus should be read and construed on the basis that such documents are incorporated in, and form part of, this Prospectus.

Neither the Managers (as described under “*Subscription and Sale*” below) nor Citicorp Trustee Company Limited (the “**Trustee**”) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the offering of the Notes. No Manager or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the offering of the Notes or their distribution.

No person is or has been authorised by the Issuer, the Guarantor, the Managers or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, any of the Managers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor, any of the Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor, any of the Managers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Notes or to advise any investor in the Notes of any information coming to their attention at any time. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Prospectus, see “*Subscription and Sale*” below.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Managers and the Trustee do not represent 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, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Managers or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may 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. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the United Kingdom. See “*Subscription and Sale*” below.

IN CONNECTION WITH THE ISSUE OF THE NOTES, MERRILL LYNCH INTERNATIONAL AS STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. 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 CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

All references in this Prospectus to “**Sterling**” and “**£**” refer to the currency of the United Kingdom.

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FORWARD-LOOKING STATEMENTS

This Prospectus and the information incorporated by reference in this Prospectus include certain “forward-looking statements”. Statements that are not historical facts, including statements about the beliefs and expectations of the Issuer, the Guarantor and other members of the Group and their respective directors or management, are forward-looking statements. Words such as “believes”, “anticipates”, “estimates”, “expects”, “intends”, “plans”, “aims”, “potential”, “will”, “would”, “could”, “considered”, “likely”, “estimate” and variations of these words and similar future or conditional expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur, many of which are beyond the control of the Issuer, the Guarantor or the Group and all of which are based on their current beliefs and expectations about future events. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Issuer, the Guarantor or the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the Issuer, the Guarantor and the Group and the environment in which the Issuer, the Guarantor and the Group will operate in the future. These forward-looking statements speak only as at the date of this Prospectus.

Except as required by the FCA, the London Stock Exchange, the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules or any other applicable law or regulation, each of the Issuer and the Guarantor expressly disclaims any obligations or undertakings to release publicly any updates or revisions to any forward-looking statements contained in this Prospectus or incorporated by reference into this Prospectus to reflect any change in the expectations of the Issuer or the Guarantor with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

PRESENTATION OF FINANCIAL INFORMATION

FINANCIAL INFORMATION RELATING TO THE GROUP

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union (“**IFRS**”) and, unless otherwise stated, all financial information relating to the Group contained or incorporated by reference in this Prospectus has been prepared in accordance with IFRS.

All financial information relating to the Group contained in this Prospectus, unless otherwise stated, has been extracted from:

- (i) the audited consolidated financial statements for the Group for the year ended 31 December 2015, which appear in the Guarantor’s 2015 Annual Report;
- (ii) the audited consolidated financial statements for the Group for the year ended 31 December 2016, which appear in the Guarantor’s 2016 Annual Report;
- (iii) the audited financial statements for the Issuer for the year ended 31 December 2015;
- (iv) the audited financial statements for the Issuer for the year ended 31 December 2016;
- (v) the unaudited condensed interim financial statements for the Group for the six months ended 30 June 2016, which appear in the Guarantor’s half yearly financial report for the six months ended 30 June 2016; and
- (vi) the unaudited condensed interim financial statements for the Group for the six months ended 30 June 2017, which appear in the Guarantor’s half yearly financial report for the six months ended 30 June 2017,

sections of which are incorporated by reference into this Prospectus.

Percentages in tables may have been rounded and accordingly may not add up to 100.0 per cent. Certain financial data may have been rounded. As a result of any rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

- (i) the audited consolidated financial statements for the Group for the year ended 31 December 2015 together with the audit report thereon, which appear on pages 86 to 144 of the Guarantor's 2015 Annual Report for the year ended 31 December 2015 (the **"2015 Annual Report"**);
- (ii) the Guarantor's Annual Report for the year ended 31 December 2016, including the audited consolidated financial statements for the Group for the year ended 31 December 2016 together with the audit report thereon, which appear on pages 92 to 152 thereof, but excluding the Directors' Report which appears on pages 48 to 90 thereof (the **"2016 Annual Report"**);
- (iii) the audited financial statements for the Issuer for the year ended 31 December 2015 (the **"Issuer's 2015 Financial Statements"**);
- (iv) the audited financial statements for the Issuer for the year ended 31 December 2016 (the **"Issuer's 2016 Financial Statements"**);
- (v) the unaudited condensed interim financial statements for the Group for the six months ended 30 June 2016, together with the financial review thereon, which appear on pages 12 to 31 of the Guarantor's half yearly financial report for the six months ended 30 June 2016 (the **"2016 Interim Report"**); and
- (vi) the unaudited condensed interim financial statements for the Group for the six months ended 30 June 2017, together with the financial review thereon, which appear on pages 13 to 34 of the Guarantor's half yearly financial report for the six months ended 30 June 2017 (the **"2017 Interim Report"**),

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.

Except as set out above, no other portion of these documents is incorporated by reference into this Prospectus and those portions which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors or the relevant information is included elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer during normal business hours and may also be obtained at <http://www.bunzl.com>, being the Guarantor's website. The contents of the Guarantor's website or any website directly or indirectly linked to the Guarantor's website do not form part of this Prospectus and investors should not rely on them.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

OVERVIEW OF THE OFFERING

The following section contains basic information about the Notes and the Guarantee. It is not intended to be complete and is subject to important limitations and exceptions. It may therefore not contain all information that is important to prospective investors. For a more complete understanding of the Notes and the Guarantee, including certain definitions and terms used in this overview, prospective investors should refer to the section headed “Terms and Conditions of the Notes” and you should also carefully consider the information set out under the section titled “Risk Factors”.

Issuer:	Bunzl Finance plc, a wholly owned subsidiary of Bunzl plc
Guarantor:	Bunzl plc
Description of Notes:	£300,000,000 2.250 per cent. Guaranteed Notes due 11 June 2025 (the “ Notes ”), to be issued on 11 December 2017 (the “ Issue Date ”).
Trustee:	Citicorp Trustee Company Limited
Principal Paying Agent:	Citibank, N.A., London Branch
Joint Lead Managers:	Banco Santander, S.A. BNP Paribas Lloyds Bank plc Merrill Lynch International
Interest:	2.250 per cent., per annum payable annually in arrear
Optional Redemption by Issuer for tax reasons:	The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes, as described under “ <i>Terms and Conditions of the Notes — Redemption and Purchase</i> ”.
Optional Redemption by Issuer at any time:	The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at the relevant make-whole redemption amount plus a margin of 0.20 per cent. and any accrued interest, as described under “ <i>Terms and Conditions of the Notes — Redemption and Purchase</i> ”.

Optional Redemption by Issuer in the three months prior to maturity:

The Issuer may, at its option, redeem all, but not some only, of the Notes at any time on or after 11 March 2025 to (but excluding) the stated maturity of the Notes at par plus accrued interest, as described under “*Terms and Conditions of the Notes – Redemption and Purchase*”.

Noteholders’ put option following a Change of Control Event:

Upon the occurrence of a Put Event (as defined in Condition 5(d)), each Noteholder shall have the option to require the Issuer to redeem or purchase the Notes of such holder at par plus accrued interest, as described under “*Terms and Conditions of the Notes - Redemption and Purchase*”.

Events of Default:

Events of Default under the Notes include non-payment of principal or interest for 14 days, or principal for seven days, breach of other obligations under the Notes or the Trust Deed (which breach is not remedied within 30 days), cross-acceleration relating to indebtedness for borrowed moneys of the Issuer, the Guarantor or any Material Subsidiary (as defined in Condition 9) subject to an aggregate threshold of £10,000,000 and certain events related to insolvency or winding up of the Issuer, the Guarantor or any Material Subsidiary. Certain events require certification by the Trustee that, in the Trustee’s opinion, such events are materially prejudicial to the interests of Noteholders before they will fall to be Events of Default.

Negative Pledge:

The terms of the Notes contain a negative pledge provision pursuant to which none of the Issuer, nor the Guarantor may create or have outstanding any Security Interest (as defined in Condition 3) over their present or future undertakings or assets to secure any Relevant Indebtedness (as defined in Condition 3) without securing the Notes equally and rateably therewith, subject to certain important exceptions, including in relation to non-recourse borrowings and certain Permitted Security Interests, as further described in “*Terms and Conditions of the Notes - Negative Pledge*”.

Guarantee:

The payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the “**Guarantee**”). The obligations of the Guarantor under the Guarantee will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 - Negative Pledge) unsecured obligations of the Guarantor and (subject as provided above) will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

Status of the Notes:

The Notes will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 - Negative Pledge) unsecured obligations of the Issuer and (subject as provided above) will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

Modification, Waiver and Substitution:

The Trustee may, without the consent of Noteholders, agree to (i) any modification of (subject to certain exceptions), or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes, the Trust Deed or the Agency Agreement, (ii) the substitution in place of the Issuer of the Guarantor or any Subsidiary of the Guarantor as principal debtor under the Notes or (iii) the substitution in place of the Guarantor as guarantor in respect of the Notes of a new group holding company, in each case in the circumstances and subject to the conditions described in Conditions 10(b) and 10(c) of the Conditions of the Notes.

Withholding Tax and Additional Amounts:

The Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts

received by each Noteholder in respect of the Notes, after withholding for any taxes imposed by tax authorities in the United Kingdom upon payments made by or on behalf of the Issuer or the Guarantor in respect of the Notes, will equal the amount which would have been receivable in the absence of any such withholding taxes, subject to customary exceptions, as described in Condition 7 of the Conditions of the Notes.

Listing and admission to trading:

Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market.

Governing Law:

The Notes and the Trust Deed will be governed by, and construed in accordance with, English law.

Form:

The Notes will be issued in bearer form in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000.

NGN Form:

The Notes will be issued in new global note form.

Credit Rating:

The Notes are expected to be assigned on issue a rating of BBB+ by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. ("**S&P**"), which is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Selling Restrictions:

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. The Notes may be sold in other jurisdictions (including the United Kingdom) only in compliance with applicable laws and regulations. See "*Subscription and*

Sale" below.

Use of Proceeds:

The net proceeds of the issue of the Notes will be applied by the Issuer for general corporate purposes, which includes the repayment of existing financial indebtedness (which may include the repayment of existing financial indebtedness owed to some or all of the Managers) and acquisitions.

ISIN:

XS1726321570

Common Code:

172632157

Risk Factors:

Investing in the Notes involves risks. See "*Risk Factors*" for a discussion of certain risks you should carefully consider before investing in the Notes.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under the Guarantee. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. In addition, risk factors which are specific to the Notes are also described below.

Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes or of the Guarantor to make payments due under the Guarantee may occur for other reasons and neither the Issuer nor the Guarantor makes any representation that the statements below regarding the risks of holding any Notes are exhaustive. The realisation of one or more of these risks could individually or together with other circumstances affect the business, financial condition, results of operations and prospects of the Group and the occurrence of certain of the risk factors described below could increase the risk of other risk factors described below materialising and/or heighten the consequences arising from these risk factors. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Risks expressed as affecting the Group should, unless otherwise indicated, be taken to affect the Issuer and the Guarantor.

RISKS RELATING TO THE ISSUER, THE GUARANTOR AND THE BUSINESS

Factors that may affect the Issuer's and the Guarantor's ability to fulfil their obligations under or in connection with the Notes

The Issuer is a finance vehicle

The Issuer's primary business is the raising of money for the purpose of on-lending to other members of the Group. Accordingly, substantially all of the Issuer's assets are loans and advances made to other members of the Group and the ability of the Issuer to satisfy its obligations in respect of the Notes will depend upon payments made to it by other members of the Group in respect of loans and advances made by the Issuer.

The Guarantor is a holding company and therefore payments on the Notes are structurally subordinated to the liabilities and obligations of the Guarantor's subsidiaries

The Guarantor is a holding company within the Group, with their operations being conducted by operating subsidiaries of the Guarantor. Accordingly, creditors of a subsidiary would have to be paid in full before sums would be available to the shareholders of that subsidiary (i.e. the Guarantor or a subsidiary of the Guarantor) and so to Noteholders. The Conditions do not limit the amount of

liabilities that subsidiaries of the Guarantor may incur. In addition, the Guarantor may not necessarily have access to the full amount of cash flows generated by their operating subsidiaries, due in particular to legal or tax constraints, contractual restrictions and the subsidiary's financial requirements.

Product prices and raw material costs in the distribution and outsourcing industry are subject to significant fluctuations

The prices for products distributed by the Group are affected by overall changes in capacity and production and by demand for such products which is in turn influenced by general economic conditions, changes in customer spending and inventory levels maintained by the Group's customers. Changes in these factors have, in the past, resulted in fluctuations in the prices for products distributed by the Group and can be expected to have a similar effect in the future. Changes in price differ between products and geographic regions and the timing and magnitude of such changes have varied significantly over time and are unpredictable. There can be no assurance that prices for products will increase or even remain at present levels. Any deterioration in prices, or an increase in raw material costs without a corresponding increase in the selling price the Group is able to realise, could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

In particular, a fall in the price of commodities may lead to reductions in the price and value of specific products where sales prices are indexed or if the Group's competitors reduce their selling prices. In a deflationary environment, there is a risk that the Group's revenue and, as a result, its profits, could be reduced and the value of inventory held in stock may not be fully recoverable.

The Group operates in a highly competitive environment

The distribution and outsourcing services market is highly competitive in all product offerings and geographic areas of operation, with many participants, both national and international. Competition in the markets in which the Group operates is based principally on some or all of the following factors, depending on the product and market involved: price, quality, product specifications and design, location, overall product performance and service. The Group's competitors break down into four main groups: (i) businesses which are self-distributing; (ii) distribution companies whose main focus is on other market sectors or products; (iii) local, regional and national suppliers; and (iv) manufacturers that supply products directly to end users. Increased competition and unanticipated actions by competitors or customers could lead to a reduction in the Group's sales and profitability and have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects. This could result from: customer pressure on sales volumes or margins, the loss of customers due to service or pricing issues, increased price competition, customers and suppliers dealing directly with one another, or unforeseen changes in the competitive landscape due to the introduction of disruptive technologies or changes in routes to market.

Adverse economic and credit market conditions may have a material adverse effect on the Group's ability to raise future debt or equity

The Group's ability to raise debt and/or equity financing in the medium and longer term will be significantly influenced by, among other things, general economic conditions, developments in the credit markets, volatility in the equity markets, investors' desire to maintain cash and to assume

additional levels of risk and the Guarantor's credit rating. There can be no assurance that the Group will be able to raise debt and/or equity finance on attractive terms, or at all, and it may need to seek additional financing from alternative sources, which could be on unfavourable terms or at a higher cost than it currently pays. If this were to occur, it could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group could be adversely affected by economic conditions in the markets in which it operates

The Group is an international distribution and outsourcing group, supplying a broad range of internationally sourced non-food products to a variety of market sectors across 30 countries. Consequently, the Group's business, financial condition, results of operations and/or prospects are affected by changes in global economic conditions. Despite recent improvements in certain segments of the global economy, uncertainties remain concerning the future economic environment, including concerns over slow or negative growth and political and economic structural weaknesses in some countries as well as uncertainty over the decision by the United Kingdom ("UK") in 2016 to leave the membership of the European Union ("EU").

Failure to comply with its financial and debt covenants may have a material adverse effect on the Group's ability to meet financial obligations

The Group requires continuous access to funding in order to meet its financial obligations, to support investment in organic growth, to make acquisitions when appropriate opportunities arise and to pay dividends to shareholders. There is a risk that the Group may be unable to obtain the necessary funds when required or that such funds will only be available on unfavourable terms.

The Group's borrowing facilities include a requirement to comply with certain specified covenants in relation to the level of net debt and interest cover. A breach of those covenants resulting from, among other things, a significant and rapid deterioration in the Group's business, foreign exchange fluctuations or a failure to manage working capital levels could result in a significant proportion of the Group's borrowings becoming repayable immediately which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Exchange rate and/or interest rate fluctuations may have a material adverse effect on the Group's financial results

As a result of the global nature of the Group's business, changes in foreign currency rates could have an adverse impact upon its business, financial condition and/or operating results. Currency fluctuations affect the Group because of mismatches between the currencies in which products are purchased and those in which products are sold, leading to transaction exposures. As a result, movements in exchange rates may adversely impact both operating margins and the value of the Group's net assets.

The Group's reported earnings may also be affected by fluctuations between sterling, which is its reporting currency, and the non-sterling currencies in which many of its various subsidiaries report their results of operations. The majority of the Group's sales are made and income is earned in US dollars, euros and other foreign currencies and the Group does not hedge the impact of exchange

rate movements arising on translation of earnings into sterling at average exchange rates. As a result, movements in exchange rates may have a material translation impact on the Group's reported results.

Credit ratings

On issue of the Notes the Guarantor expects to have a long term senior unsecured debt rating of BBB+ by S&P with stable outlook. While the Guarantor intends to seek to maintain an investment grade credit rating, there can be no assurances that the Guarantor will be able to maintain an investment grade credit rating. A decision by S&P or any other rating agency to downgrade the Guarantor's credit rating would reduce the Group's funding options, increase the Group's cost of borrowings and could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Changes in customer preferences and the Group's failure to develop and/or source new products to meet changing customer demand could adversely affect demand for products distributed by the Group

Changes in customer preferences affect the demand for non-food products distributed by the Group in general. The Group's ability to meet shifts in customer demand will depend upon its ability to anticipate correctly changes in customer preferences and its ability to develop and/or source new products on a competitive and cost-effective basis. There can be no assurances that the Group will be able to meet changes in customer preferences in the future, and the failure to do so could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group is exposed to the risk of default by its customers and suppliers

The Group has entered into a number of financial and other agreements with customers, suppliers and other counterparties. The Group is exposed to the risk of default by customers who have agreed to purchase products from the Group, suppliers who have agreed to supply goods or services to the Group and others with whom the Group has entered into financial and other arrangements. The Group's customers and suppliers may be adversely affected by economic conditions, disruptions to capital and credit markets and decreased demand for their products and services. The Group's exposure to default by counterparties may increase if economic conditions deteriorate. If any of the Group's key customers or suppliers, or a significant number of smaller customers and suppliers, are further adversely affected by these risks, the Group may face further reductions in demand for its products, failure of customers to pay invoices when due and disruptions in supply or distribution channels which may have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Significant interruption to the operations of any of the Group's major distribution facilities could have an adverse impact on the Group's financial results

The Group's businesses operate from more than 500 locations globally, many of which are key distribution facilities which are used to store the products sourced by the Group for onward sale to its customers. If operations at some of these key distribution facilities were interrupted for any significant length of time for any reason, including fires, drought, explosions, planned or unplanned maintenance,

or work stoppages due to labour disputes, it could have a material adverse effect on the Group business, financial condition, results of operations and/or prospects.

The Group is exposed to information technology (“IT”) security risk

The Group’s operations are dependent on the availability of its IT systems. The Group is exposed to the risk of hardware or software failure or the threat posed by cyber attacks, which are increasingly sophisticated and wider in scope. The occurrence of one or more cyber attacks may result in loss of data, financial fraud and the shutdown of the Group’s IT systems. Failure to manage adequately cyber security risk or the Group’s hardware or software systems could have a material adverse effect on the Group’s business, financial condition, results of operations and/or prospects.

The Group may fail to detect fraudulent activities

Certain of the Group’s customers or suppliers or other third parties may seek to obtain products fraudulently from, or submit fraudulent invoices to, any member of the Group. The Group has sought to extend best practice with a number of processes and controls to minimise opportunities for fraud. If the Group is unsuccessful in detecting fraudulent activities, it could suffer loss directly and/or lose the confidence of its customers and/or suppliers, which could have a material adverse effect on the Group’s business, financial condition, results of operations and/or prospects.

The Group is subject to a wide range of laws and regulations

The Group is subject to a wide range of laws and regulations in all the jurisdictions in which it operates, including international, national, state and local laws and regulations. These include laws and regulations relating to exports, import tariffs, repatriation of capital and exchange controls, taxation, anti-bribery, anti-trust, labour standards, the environment and occupational health and safety. These requirements are complex, frequently changing and have tended to become more stringent over time. For example, tax laws and tax rates around the world are constantly changing and the Group is exposed to the risk of changes in tax legislation and its interpretation and increases in the rate of corporate and other taxes in the jurisdictions in which the Group operates. The costs associated with compliance with these laws and regulations are unpredictable and possible future laws and regulations or changes to existing laws and regulations (including the imposition of higher taxes) could require the Group to incur additional expenses or capital expenditures, or, in the case of import tariffs, affect the competitiveness of products distributed by the Group in those markets. Any such cost increases or changes in tariffs could have a material adverse effect on the Group’s business, financial condition, results of operations and/or prospects.

In addition, due to the nature of the products which the Group distributes, the Group faces potential claims from customers in relation to the supply of defective products or breaches of contractual arrangements. The sourcing of products from lower cost countries increases the risk of the Group being unable to recover any potential losses relating thereto from the relevant supplier. Any losses resulting from third party litigation could have a material adverse effect on the Group’s business, financial condition, results of operations and/or prospects.

The Group may not be able to attract or retain high quality management resources

The Group's continued success is dependent on the experience, skills and knowledge of its executive directors, senior management and key employees who provide expertise crucial to the Group's business and the implementation of the Group's strategy. The failure of the Group to recruit and retain executive directors, senior management and key personnel may cause a significant disruption to the Group's business, including its ability to implement the Group's strategy, which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group may be adversely affected by increasing costs in maintaining its required level of workforce

The Group's workforce constitutes a significant proportion of its cost base. Any inflationary pressures, as well as changes in applicable laws and regulations or other factors resulting in increased labour costs, could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Failure to maintain good employee relations may affect the Group's operations and the success of its business

Whilst the Group believes that relations with its employees are currently satisfactory, there can be no assurance that future developments in relation to the Group's businesses could not affect such relationships. A sustained labour dispute leading to a substantial interruption to one or other of the more significant businesses of the Group could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Failure to make acquisitions in the future or to integrate successfully and subsequently manage acquired operations may adversely affect the Group's business

A significant proportion of the Group's historical growth has been achieved through the acquisition of businesses and the Group's growth strategy includes additional acquisitions. Although the Group operates in a number of fragmented markets which provide future acquisition opportunities, there can be no assurance that the Group will be able to make acquisitions in the future. There is also a risk that not all of the acquisitions made will be successful due to the loss of key people or customers after the acquisition, deterioration in the economic environment of the acquired business, the failure to perform adequate pre-acquisition due diligence, unidentified liabilities of the acquired business arising post-acquisition or integration, or failure to manage appropriately the post-acquisition integration of the business.

In the longer term, if an acquisition consistently underperforms compared to its original investment case, there is a risk that this will lead to a permanent impairment in the carrying value of the intangible and tangible assets arising on that acquisition. Any difficulties or delays in achieving the successful integration of new acquisitions could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group's insurance coverage may be insufficient to cover losses or it could be subject to uninsured liabilities

There are circumstances where insurance will not cover or be adequate to cover the consequences of an event, or where the Group may become liable for costs incurred in events or incidents against which it either cannot insure or may have elected not to have insured (whether on account of prohibitive premium costs or for other commercial reasons). Although the Group maintains insurance that it considers to be adequate, liabilities might exceed policy limits. An uninsured loss could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Changes in the regulatory and/or accounting regimes for defined benefit pension liabilities could impose increased pension funding requirements and/or negatively impact the Group's distributable reserves

The Group operates a number of pension schemes around the world (with material schemes in the United States of America ("USA") and the UK), some of which offer defined benefits. The Group's USA and UK defined benefit pension schemes are closed to new entrants. Steps have also been taken to reduce the investment risk in these schemes. However should investment returns be insufficient to meet the schemes' liabilities the Group will have to fund any shortfall.

Changes to the financial reporting standards regarding the way defined benefit pension liabilities are reflected in company balance sheets could have an adverse impact on the Group's distributable reserves. Strengthening of the regulatory funding regime for pensions could increase requirements for cash funding of pensions. This could require the Group to make additional payments to meet the Group pension commitments, which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Exposure to UK political developments could have a material adverse effect on the Group

On 23 June 2016, the UK held a non-binding referendum on its membership in the EU, in which a majority voted for the UK to leave the EU. Immediately following the result, the UK and global stock and foreign exchange markets commenced a period of significant volatility, including a steep devaluation of the pound sterling, in addition to which there is now continuing uncertainty relating to the process, timing and negotiation of the UK's exit from, and future relationship with, the EU. The UK Government invoked Article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017, triggering the exit process. A two year period of negotiation has begun to determine the new terms of the UK's relationship with the EU, after which period its EU membership will cease. It is currently expected that these negotiations will need to be substantially settled and agreed before the UK is able to commence standalone bilateral negotiations with the numerous individual countries and multilateral counterparties with which the UK currently has trading arrangements by virtue of its membership of the EU. The longer term effects of the referendum are difficult to predict. However, these are likely to include further financial instability and slower economic growth.

RISKS RELATING TO THE NOTES

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES

The Notes may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Issuer's call option

The Notes contain an optional redemption feature, which is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of the Notes generally may not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes having taken into account the cost of redeeming the Notes. At those times, an

investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

With respect to the clean-up call option of the Issuer (Condition 5(f) of the Terms and Conditions of the Notes), there is no obligation on the Issuer to inform investors if and when 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed pursuant to Condition 5(c), or purchased pursuant to Condition 5(e), and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the clean-up call option, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

Claims of secured creditors will have priority, with respect to their security, over the claims of unsecured creditors, such as Noteholders

Claims of the Issuer's secured creditors, if any, and the Guarantor's secured creditors, if any, will have priority, with respect to the assets securing such secured creditors' debt, over the claims of Noteholders. In the event that any of the Issuer's secured debt, if any, or the Guarantor's secured debt, if any, becomes due or the relevant creditor thereunder institutes proceedings over the assets that secure the relevant debt, the Issuer's assets or, as the case may be, the Guarantor's assets remaining after repayment of that secured debt might not be sufficient to repay all amounts owing in respect of the Notes.

Modification, waivers and substitution

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and to obtain written resolutions on matters relating to the Notes from Noteholders without calling a resolution. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority, and Couponholders.

The Trust Deed also provides that the Trustee may, without the consent of Noteholders, agree, among other things, to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Conditions, the Trust Deed or the Agency Agreement that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders (subject to certain exceptions set out in the Trust Deed), (ii) any modification to the Conditions, the Trust Deed or the Agency Agreement that is, in the opinion of the Trustee, of a formal minor or technical nature or is made to correct a manifest error, (iii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such, (iv) the substitution in place of the Issuer of the Guarantor or any Subsidiary of the Guarantor as principal debtor under the Trust Deed, the Notes and the Coupons or (v) the substitution in place of the Guarantor as guarantor in respect of the Notes of a new group holding company of the Group, in each case in the circumstances and subject to the conditions described in Conditions 10(b) (*Modification of the Trust Deed or the Agency Agreement*) and 10(c) (*Substitution*).

Change of law

The Conditions of the Notes are based on English law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes, and any such change could materially adversely impact the rights under, and the value of, the Notes.

Denominations involve integral multiples: definitive Notes

The Notes have denominations consisting of a minimum of £100,000 plus one or more higher integral multiples of £1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of £100,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than £100,000 in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to £100,000.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

Because the Temporary Global Note and the Permanent Global Note representing the Notes will be held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the procedures of those clearing systems for transfer, payment and communication with the Issuer and/or the Guarantor

The Notes will be represented by one or more Global Note(s) which will be delivered to a common safekeeper for Euroclear and Clearstream, Luxembourg (the “**Common Safekeeper**”). Definitive Notes will only be issued in limited circumstances, as described in Section “*Summary of Provisions Relating to the Notes while Represented by the Global Notes – Exchange*”. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the relevant Global Note. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are in global form, the Issuer or the Guarantor, as the case may be, will discharge its payment obligations under the Notes by making payments to the common service provider for Euroclear and Clearstream, Luxembourg (the “**Common Service Provider**”). A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records held relating to, or payments made in respect of, beneficial interests in the Global Notes by the Common Safekeeper.

Holders of beneficial interests in the Global Notes 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 Euroclear or Clearstream, Luxembourg.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. A drop in the level of interest rates prevailing in the market will have a positive impact on the price of the Notes, as the Notes pay a fixed annual rate of interest. Conversely, an increase in the interest rate level prevailing in the market will have an adverse impact on the price of the Notes. For investors holding the Notes until maturity, any changes in the interest rate level prevailing in the market during the term will not affect the yield of the Notes, as the Notes will be redeemed at par.

Credit ratings may not reflect all risks

The Notes are expected, on issue, to be rated BBB+ by S&P. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate

regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be applied by the Issuer for general corporate purposes, which includes the repayment of existing financial indebtedness (which may include the repayment of existing financial indebtedness owed to some or all of the Managers) and acquisitions.

DESCRIPTION OF THE BUSINESS AND INFORMATION ON THE GROUP

History of the Group

The Guarantor was incorporated on 22 January 1940 and in June 2017 celebrated its 60th anniversary as a publicly traded company, having listed on the London Stock Exchange in 1957. Since then the Group has been transformed from a business involved in the manufacture of paper and paper based products to a diversified manufacturing and distribution group and more recently has become one of the world's leading specialist distribution and outsourcing businesses. In April 2008, the Group rejoined the FTSE 100 index of leading shares, having left the index in 2005 following the demerger of Filtrona plc which at that time accounted for about 25 per cent. of the Group's profits.

The Group has in recent years focused its strategy to become a leading international distribution and outsourcing group. The Issuer and the Guarantor are based in London and the Group now has operations in 30 countries across the world. In addition to growing organically, a number of acquisitions have been made. The businesses acquired have not only helped the Group expand its product offering and existing customer base, but also enabled the Group to venture into new market sectors and geographies.

The Business of the Group

The Group has operations across the Americas, Europe, Australasia and Asia and supports businesses all over the world with a variety of products that are key to customers for the successful operation of their businesses. The Group is able to provide a comprehensive one-stop-shop solution for its customers' non-food consumables requirements, with a range of delivery options (including own fleet) for on-time, in-full delivery. Using the Group's global sourcing and procurement capabilities, international warehousing and distribution infrastructure and range of delivery options, the Group's customers are able to outsource the purchasing, consolidation and distribution of a broad range of everyday items. As a result, they are able to focus on their core businesses, achieve purchasing efficiencies and savings, free up working capital, improve distribution capabilities and simplify their internal administration. By providing this consolidated offering, the Group seeks to simplify and improve the efficiency of its customers' own supply chains. Outsourcing adds value for the Group's customers by reducing or eliminating hidden costs of in-house procurement and self-distribution, such as those related to inventory investment, cash flow, etc. The Issuer and the Guarantor are based in London and the Group now has operations in 30 countries across the world.

As at 30 November 2017, the Guarantor had a market capitalisation of approximately £7.1 billion.

The Group's workforce consists of more than 18,000 employees.

The Group is organised into four geographic business areas: (i) North America, (ii) Continental Europe, (iii) UK and Ireland and (iv) the Rest of the World. Each business area includes independently operated and regionally directed businesses that provide a focused range of services and products to their local customers. While some of these businesses operate under the Bunzl name, others conduct business under other trading names that are well recognised in the markets in which the Group operates. In North America, the Group distributes approximately 30 per cent. of its products under a two-step programme, in which the customer is a redistributor that ultimately delivers

to end users. In the European and the Rest of the World markets, the Group generally utilises a one-step direct distribution model which delivers products directly to end users.

As referred to above, since 2005, the Group has focused exclusively on value-added distribution and outsourcing, which historically has contributed strong cash flow and growth, through a combination of acquisitions and organic growth. In 2016, the Group's revenue increased by 4 per cent at constant exchange rates (and 14 per cent. at actual exchange rates) to £7,429.1 million and adjusted operating profit increased by 5 per cent. at constant exchange rates (and 15 per cent. at actual exchange rates) to £525.0 million. The Group has historically enjoyed a very high cash conversion measured as a percentage of operating cash flow to adjusted operating profit, averaging over 95 per cent. over the past 10 years (2007 to 2016).

The Group provides products and services in six main broad market sectors: (i) foodservice; (ii) grocery; (iii) cleaning and hygiene; (iv) safety; (v) retail; and (vi) healthcare, further details of which are set out below.

Foodservice

The Group supplies a broad range of non-food consumables to hotels, restaurants, contract caterers and the leisure sector as well as to food processors and packers. Products include food packaging, napkins, disposable tableware, foodservice disposables, guest amenities, a wide range of light and heavy catering equipment, cleaning and hygiene products and safety items.

Grocery

The Group distributes a variety of goods not-for-resale (essential items the customer uses but does not actually sell) to grocery stores, supermarkets, retail chains, convenience stores, food wholesalers, ethnic grocers and organic food outlets, amongst others. Products include food packaging, films, labels, counter-service packaging, foodservice disposables, take-out food packaging, first aid products, point of purchase displays, stationery, bags and cleaning and hygiene supplies.

Cleaning and Hygiene

The Group supplies cleaning and hygiene related materials to facilities management companies, contract cleaners and other industrial and public sector customers. Products include cleaning systems, floorcare items, hand cleansing products, hygiene paper, janitorial products, cleaning machines, mops, polishes, protective clothing and washroom chemicals.

Safety

The Group offers a wide range of personal protection equipment to customers in industrial and construction markets. Products include ear, eye, respiratory and face protection, footwear, gloves, safety helmets, workwear, harness equipment, tools, safety signs, as well as traffic management and ancillary site equipment.

Non-Food Retail

The Group supplies a comprehensive range of goods not-for-resale to department stores, boutiques, office supply companies, retail chains and home improvement chains. Products include packaging and other store supplies including a wide range of counter service packaging, point of purchase display items, stationery and a full range of cleaning and hygiene products.

Healthcare

The Group provides a variety of disposable healthcare consumables to the healthcare sector including hospitals, retirement and nursing homes and doctors' surgeries and clinics. Products include gloves, aprons, bandages, wound care products, face masks, gowns, headwear, mattress covers, overshoes, procedure packs, tapes, wipes, incontinence products and swabs.

A summary of operations in each geographic business area is set out below.

North America

North America is the Group's largest and longest-established business area and is a leading supplier of disposable, not-for-resale supplies to a wide range of customers in the grocery, foodservice, retail, cleaning and hygiene and safety sectors located throughout the USA, the Caribbean, Canada, Mexico and Puerto Rico. It operates from approximately 170 locations and has more than 6,300 employees. Customers include (i) retail customers (such as supermarkets, convenience stores and non-food retailers), (ii) food processors, (iii) distributors supplying the foodservice, industrial safety and janitorial/sanitary maintenance end user markets and (iv) institutional, airline and industrial markets. The North America business conducts its retail and food processor business primarily under the Bunzl brand and its redistribution business under the R3 brand. In 2016, these businesses generated £4,362.1 million in revenue and £289.6 million of adjusted operating profit. This represented 59 per cent. of the Group's 2016 revenue and 53 per cent. of the Group's adjusted operating profit before corporate costs.

Continental Europe

The Group's Continental Europe business area supplies customers in the retail, foodservice, cleaning and hygiene, safety, healthcare, retail and grocery market sectors. It operates from approximately 170 locations across 15 countries and has more than 5,000 employees. In 2016, these businesses generated £1,355.1 million in revenue and £126.6 million of adjusted operating profit. This represented 18 per cent. of the Group's 2016 revenue and 23 per cent. of the Group's adjusted operating profit before corporate costs.

UK and Ireland

In the UK and Ireland, the Group supplies customers in the foodservice, healthcare, cleaning and hygiene, safety, retail and grocery sectors. It operates from approximately 100 locations and has more than 4,000 employees. In 2016, these businesses generated £1,087.8 million in revenue and £83.7 million of adjusted operating profit. This represented 15 per cent. of the Group's revenue and 15 per cent. of the Group's adjusted operating profit before corporate costs.

Rest of the World

The Rest of the World includes the businesses in Australasia, Latin America and Asia. Bunzl Australasia is a leading supplier of a range of consumable products to businesses in Australia and New Zealand operating in the safety, healthcare, foodservice, cleaning and hygiene and grocery sectors. The Latin American business is a supplier of a variety of products to the safety, healthcare, cleaning and hygiene and foodservice sectors across seven countries in the region. Finally, the Group's businesses in Singapore and China are principally engaged in the sale of products in the safety sector. Overall, the Group's businesses in the Rest of the World operate from approximately 100 locations across 11 countries and have more than 3,100 employees. In 2016, the Group's Rest of the World business generated £624.1 million in revenue and £46.6 million of adjusted operating profit. This represented 8 per cent. of the Group's revenue and 9 per cent. of the Group's adjusted operating profit before corporate costs.

Strategy

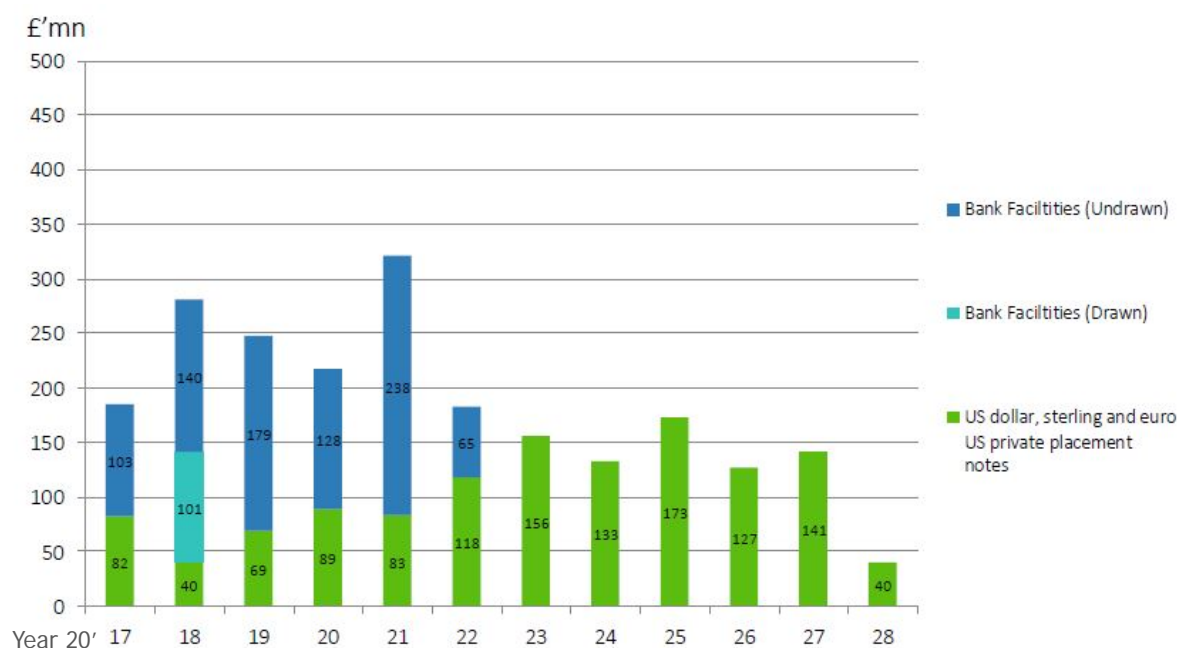
The Group's consistent strategy of developing the business through organic growth, consolidating the Group's markets through focused acquisitions and continuously improving its operations has delivered growth for the Group. The three key areas of focus are:

- organic growth: growing the Group organically, either by expanding and developing the Group's businesses with existing customers or by gaining new business with additional customers, is an integral part of the Group's strategy to enhance shareholder value;
- acquisition growth: expanding and developing the Group through acquiring businesses is also a key component of the Group's growth strategy. Historically, approximately three quarters of the Group's year-on-year growth has been achieved through an ongoing programme of focused and targeted acquisitions in both new and existing market sectors and geographies. The Group seeks to be selective about acquisitions and the countries and sectors to which they relate and to have an appropriate due diligence process. Potential acquisition targets are identified by business area management, the in-house corporate development team, ex-owners and external parties. The Group will often seek to retain management and customers in acquired businesses; and
- operating model improvements: the Group is continually looking to refine and develop its processes and procedures to improve operations and make the Group's businesses more efficient. By doing so, the Group is able to gain a competitive advantage, by offering its customers more cost-effective solutions, while at the same time improving the Group's profitability.

The Group's continued success is based on its extensive knowledge and experience of the markets in which it operates and a deep understanding of its customers' requirements. The Group sees an opportunity for continued growth in both current and new market and geographies by strengthening its existing, diversified businesses, consolidating its fragmented markets and continuing to expand by acquiring businesses.

Debt maturity profile

The debt maturity profile of the Group as at 31 December 2016 is set out in the chart below.



Recent developments

Expanding and developing the Group through acquiring businesses is a key component of the Group's growth strategy. Historically, approximately three quarters of the Group's year-on-year growth has been achieved through an ongoing programme of focused and targeted acquisitions in both new and existing market sectors and geographies. Since 2004, the Group has acquired more than 140 businesses with a total committed spend in excess of £3 billion.

As at the date of publication (29 August 2017) of the interim financial statements of the Group for the six months ended 30 June 2017, the Group had made or agreed to make 11 acquisitions for a total committed spend of approximately £546 million, further details of which are set out below.

In January 2017, in addition to completing the purchase of Sæbe Compagniet and Prorisk and GM Equipement, which the Group agreed to acquire in November 2016, the Group acquired:

- (a) Packaging Film Sales which distributes food packaging products, including flexible barrier films, speciality bags and pouches, and food processors in the USA. Packaging Film Sales had revenue of £5 million in 2015; and
- (b) LSH, which is based in Singapore and had revenue of £5 million in 2016, is a distributor of personal protection equipment and safety products, primarily to end users operating in the oil and gas, construction, pharmaceutical and industrial sectors. The acquisition represents the Group's first acquisition in Singapore.

In March 2017, the Group acquired two safety businesses in the USA and Italy:

- (a) ML Kishigo, which is based in California, is engaged in the sale of high visibility clothing and other safety related workwear to distributors throughout the USA. ML Kishigo had revenue of £27 million in 2016; and
- (b) Neri and its associated companies, which are based near Bologna, Italy, supply a broad range of personal protection equipment, including gloves, footwear and workwear, to both distributors and end users throughout Italy. Neri had revenue of £41 million in 2016.

In May 2017, the Group made four further acquisitions:

- (a) Diversified Distribution Systems (“**DDS**”) is a distributor of goods not-for-resale and value-added services to retailers and other general distribution customers, principally throughout North America but also in Europe, the Middle East and Asia. The acquisition of DDS, which had revenue of £248 million in 2016, has expanded and extended the Group’s outsourcing business globally, particularly in the retail sector;
- (b) Tecnopacking, which is based in Spain, is engaged in the distribution of industrial and disposable packaging products to end users operating in a variety of different sectors throughout Spain as well as in Portugal. Tecnopacking had revenue in 2016 of £33 million; and
- (c) AMFAS and Western Safety, which are both based in Canada, are distributors of commercial and industrial first aid and safety supplies, including a full range of personal protection equipment, to end user customers throughout Western Canada. The businesses, which together had aggregated annualised revenue in 2016 of £10 million, also provide safety-related services including training programmes and other workplace safety solutions.

At the end of June 2017 the Group acquired Pixel Inspiration, a marketing services business in the UK which specialises in the digital signage sector. As well as providing project based installations for multi-site retailers and financial institutions, Pixel is also engaged in the provision of management and consultancy services related to the usage of such installations and it had revenue in 2016 of £7 million.

In July 2017, the Group announced that it had made a binding offer for the acquisition of a group of businesses in France: (a) Hedis, is engaged in the sale and distribution of cleaning and hygiene related products to a variety of end user customers, principally in the public, healthcare, foodservice and cleaning sectors, as well as to some redistributors; and (b) two other businesses, Comptoir de Bretagne and Générale Collectivités, distribute light catering equipment and tableware to a similar fragmented customer base in France. In 2016, the aggregate revenue for these businesses was £134 million, of which £113 million related to Hedis and £21 million related to Comptoir de Bretagne and Générale Collectivités. The acquisition was completed in November 2017.

In August 2017, the Group acquired HSESF and its associated companies, based in China. These businesses are engaged in the sale of a variety of personal protection equipment to local distributors and end users but also export products to overseas customers. HSESF and its associated companies had aggregate revenue of £24 million in 2016. The acquisition represents the Group’s first acquisition in China, and together with LSH, has enabled the Group to establish a presence in the safety sector in the region.

Since the date of publication (29 August 2017) of the interim financial statements of the Group for the six months ended 30 June 2017, in October 2017, the Group:

- (a) acquired Interpath which is principally engaged in the distribution of a variety of laboratory and healthcare related consumable products to the pathology, medical research and life science end user markets in Australia. Customers include public and private hospitals and other pathology and research laboratories. Revenue in the year ended June 2017 was £14 million; and
- (b) entered into an agreement to acquire Talge which is principally engaged in the sale of a variety of foodservice related products, mainly to redistributors in the southeast region of Brazil. Revenue in the year ended December 2016 was £20 million. The acquisition is expected to complete in early January 2018.

DESCRIPTION OF THE ISSUER AND THE GUARANTOR

History and structure of the Issuer

The Issuer is a wholly-owned subsidiary of the Guarantor. It was incorporated on 30 October 1975 in England and Wales as a private company limited by shares under the name “Bunzl Finance Limited” and under Registered Number 1231760, and re-registered as a public limited company on 27 July 1988. The Issuer’s registered office is at York House, 45 Seymour Street, London, W1H 7JT, United Kingdom. The Issuer is a finance vehicle and it principally participates in financial arrangements and transactions.

Directors and officers of the Issuer

The following is a list of directors and officers of the Issuer, as at the date of this Prospectus. The business address of each of the directors and officers referred to below is at York House, 45 Seymour Street, London, W1H 7JT, United Kingdom.

Name	Title
Brian May	Director ¹
Paul Hussey	Director and Company Secretary
Timothy Hayter	Director
Damian Bradley	Director
Andrew Ball	Director

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

¹ Brian May also holds the position of Non-executive Director of United Utilities Group PLC.

History and structure of the Guarantor

The Guarantor, which is the ultimate parent company of the Group, was incorporated on 22 January 1940 in England and Wales as a private company limited by shares under the name “Tissue Papers Limited” and under Registered Number 358948. The Guarantor changed its name on 28 September 1951 to “Bunzl Pulp & Paper Limited” and then to “Bunzl plc” on 9 February 1982, following its re-registration as a public limited company. The Board of the Guarantor has a majority of independent Non-executive Directors. The registered address of the Guarantor is York House, 45 Seymour Street, London, W1H 7JT, United Kingdom.

Directors and officers of the Guarantor

The following is a list of directors and officers of the Guarantor and the principal activities (if any) performed by them outside the Group, which are, or may be, significant with respect to the Guarantor, as at the date of this Prospectus. The business address of each of the directors and officers referred to below is at York House, 45 Seymour Street, London, W1H 7JT, United Kingdom.

Name	Title	Principal activities performed by them outside of the Group (if any)
Philip Rogerson	Chairman	Chairman of De La Rue plc and a Non-executive director of Blancco Technology Group plc
Frank van Zanten	Chief Executive	Non-executive Director of Grafton Group plc
Patrick Larmon	Executive Director	Non-executive Director of Huttig Building Products, Inc. and Bodycote plc
Brian May	Finance Director	Non-executive Director of United Utilities Group PLC
Eugenia Ulasewicz	Non-executive Director	Non-executive Director of Signet Jewelers Limited and Vince Holding Corp.
Jean-Charles Pauze	Non-executive Director	Member of the Supervisory Board of IMCD N.V.
Vanda Murray OBE	Non-executive Director	Chairman of Fenner PLC and a Non-executive Director of Redrow plc

Lloyd Pitchford	Non-executive Director	Chief Financial Officer of Experian plc
Stephan Ronald Nanninga	Non-executive Director	-
Paul Hussey	Company Secretary	-

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

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes (the “Conditions”), substantially as they will appear on the Notes in definitive form (if issued).

The £300,000,000 2.250 per cent. Notes due 2025 (the “Notes”) (which expression shall, in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 15 and forming a single series therewith) of Bunzl Finance plc (the “Issuer”) are constituted by a trust deed (the “Trust Deed”) dated 11 December 2017 (the “Issue Date”), between the Issuer, Bunzl plc (the “Guarantor”) and Citicorp Trustee Company Limited (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the “Noteholders”). These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and Coupons referred to below.

Payments in respect of the Notes will be made pursuant to an agency agreement (the “Agency Agreement”) dated 11 December 2017 and made between the Issuer, the Guarantor, the Trustee and Citibank, N.A., London Branch as principal paying agent (the “Principal Paying Agent” and together with any additional paying agents or successor, successors, assign or assigns as paying agents under the Agency Agreement, the “Paying Agents”). Copies of the Trust Deed and the Agency Agreement are available for inspection at the specified office of each of the Paying Agents. The Noteholders and the holders of the interest coupons (the “Couponholders”) appertaining to the Notes (the “Coupons”) 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 Agency Agreement.

1. Form, Denomination and Title

The Notes are issued in bearer form, serially numbered, with Coupons attached on issue, in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No definitive Notes will be issued with a denomination below £100,000 or above £199,000. Notes of one denomination may not be exchanged for Notes of any other denomination. Title to the Notes and to the Coupons will pass by delivery.

The Issuer, the Guarantor, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and no person shall be liable for so treating the holder.

2. Guarantee and Status

(a) Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and Coupons. Its obligations in that respect are contained in the Trust Deed.

“Guarantee” means the guarantee obligations of the Guarantor referred to in this Condition and as set out in the Trust Deed.

(b) **Status of Notes and Guarantee**

The Notes and the Coupons constitute (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and Coupons and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.

3. Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Trust Deed) each of the Issuer and the Guarantor shall not, and shall procure that no Material Subsidiary shall, create or have outstanding any mortgage, charge, pledge, lien or other encumbrance (other than any arising by operation of law) (each a **“Security Interest”**) upon the whole or any part of its or their respective undertakings, assets or revenues (including any uncalled capital), present or future, to secure any Relevant Indebtedness (as defined below) or to secure any guarantee or indemnity in respect thereof, without simultaneously with, or prior to, the creation of such Security Interest securing the Notes and Coupons equally and rateably therewith to the satisfaction of the Trustee, or providing such other Security Interest therefor which the Trustee in its absolute discretion shall deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, save that the Issuer or the Guarantor may create or have outstanding (without the obligation so to secure the Notes) a Permitted Security Interest.

For the purposes of these Conditions:

“Permitted Security Interest” means:

- (a) any Security Interest securing Relevant Indebtedness which exists on any undertaking or asset of the Issuer, the Guarantor or any Material Subsidiary which asset or undertaking is acquired after 11 December 2017, provided that such Security Interest existed at the date of such acquisition, was not granted in contemplation of the acquisition and the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition and any Security Interest over the same undertaking or asset which is given for the purpose of, and to the extent of, the refinancing of any such Relevant Indebtedness;
- (b) any Security Interest as shall have been previously approved in writing by the Trustee in its sole discretion (if the Trustee is of the opinion that to do so will not be materially prejudicial to the Noteholders) or by an Extraordinary Resolution of the Noteholders; or

- (c) any Security Interest granted by any member of the Group pursuant to a Securitisation, provided that the maximum aggregate amount of Receivables outstanding under any and all Securitisations shall not, at any time, exceed the Securitisation Programme Limit.

The Trustee shall not be under any duty to monitor whether any Security Interest has been created or is outstanding for the purposes of this Condition 3 and will not be responsible to Noteholders or Couponholders for any loss arising from any failure to do so. Unless and until the Trustee has received written notice pursuant to the Trust Deed of the creation or existence of any such Security Interest, it will be entitled to assume that none exists;

“Receivable” means the unpaid portion of the obligations of any trade debtor of any member of the Group in respect of the supply of goods and/or services by that member of the Group;

“Relevant Indebtedness” means any indebtedness for moneys borrowed (as defined in Condition 9) which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which are, are intended to be (with the agreement of the issuer thereof) or are capable of being, quoted, listed, dealt in or traded on a stock exchange or over the counter or other recognised securities market other than indebtedness which has a stated maturity not exceeding one year;

“Securitisation” means any transaction or series of related transactions providing for the securitisation of any Receivables;

“Securitisation Programme Limit” means £200,000,000 (or its equivalent in other currencies); and

“Subsidiary” means any entity which is for the time being a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

4. Interest

(a) **Interest Rate and Interest Payment Date**

Each Note bears interest on its outstanding principal amount from and including 11 December 2017 at the rate of 2.250 per cent. per annum, such interest being payable annually in arrear in equal instalments of £22.50 per Calculation Amount (as defined below) on 11 June in each year (each an **“Interest Payment Date”**), except that the first payment of interest, to be made on 11 June 2018, will be in respect of the period from and including 11 December 2017 to but excluding 11 June 2018 and will amount to £11.19 per Calculation Amount.

(b) **Interest Accrual**

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event it shall continue to bear interest at such rate (both before and

after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(c) **Calculation of Broken Interest**

When interest is required to be calculated in respect of a period of less than a full year, the day-count fraction used will be the actual number of days in the period from and including the date from which interest begins to accrue (the “**Accrual Date**”) to but excluding the date on which it falls due divided by the actual number of days from and including the Accrual Date to, but excluding, the next following Interest Payment Date.

(d) **Calculation Amount**

Interest in respect of any Note shall be calculated per £1,000 in principal amount of the Notes (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 2.250 per cent., the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest penny (half a penny being rounded upwards).

5. Redemption and Purchase

(a) **Scheduled Redemption**

Unless previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed at its principal amount on 11 June 2025.

(b) **Redemption for Taxation Reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount (together with interest accrued but unpaid to (but excluding) the date fixed for redemption) if (i) on the occasion of the next payment due under the Notes, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which the United Kingdom is a party, or any change in the official interpretation or application of such laws, regulations or treaties, which change or amendment becomes effective on or after 7 December 2017, either (x) the Issuer has or will in the absence of such redemption become obliged to pay Additional Amounts (as defined in Condition 7) on, or in connection with, the Notes or (y) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and the Guarantor in making payment itself would be required to pay such Additional Amounts, and (ii) in

either case, the Issuer (or, as the case may be, the Guarantor) cannot avoid such obligation by taking measures reasonably available to it or them, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay such Additional Amounts, were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer or the Guarantor shall deliver to the Trustee (1) a certificate signed by two directors of the Issuer or, as the case may be, the Guarantor, stating that the relevant requirements or circumstances referred to above apply, and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer, or Guarantor, as the case may be, has or will become obliged to pay such Additional Amounts as a result of such change or amendment. The Trustee shall, without enquiring and without any liability therefor, accept such certificate and opinion as sufficient evidence of the satisfaction of the relevant requirements or circumstances referred to above, and such certificate and opinion shall be conclusive and binding on the Noteholders and the Couponholders.

(c) **Redemption at the option of the Issuer**

- (i) The Issuer may at any time on or after 11 March 2025, on giving not less than 10 nor more than 20 days' notice to the Noteholders in accordance with Condition 17 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes at their principal amount, together with interest accrued to the date fixed for redemption.
- (ii) At any time prior to 11 March 2025, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 17 (which notice shall be irrevocable and shall specify the date fixed for redemption), the Issuer may redeem or purchase and any Subsidiaries of the Guarantor may purchase all, but not some only, of the Notes for the time being outstanding, together with interest accrued up to but excluding the date fixed for redemption, or as the case may be the purchase (the **"Redemption Date"**) at a price which shall be the higher of the following:
 - (a) the principal amount thereof; and
 - (b) the principal amount outstanding of the Notes multiplied by the price (as reported in writing to the Issuer and the Trustee by an independent financial adviser appointed by the Issuer) expressed as a percentage (rounded to the nearest four decimal places) at which the Gross Redemption Yield on the Notes on the Calculation Date is equal to the Gross Redemption Yield at 11.00 a.m. (London time) on the Calculation Date of the 5.00 per cent. United Kingdom Treasury Stock due 7 March 2025 (the **"Reference Stock"**) (or, where such financial adviser advises the Issuer that, for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other

government stock as such financial adviser may recommend) plus 0.20 per cent. For such purposes, "**Calculation Date**" means the date which is the second Business Day prior to the Redemption Date and "**Gross Redemption Yield**" on the Notes and the Reference Stock will be expressed as a percentage and will be calculated by the independent financial adviser on the basis set out by the United Kingdom Debt Management Office in the paper "*Formulae for Calculating Gilt Prices from Yields*" page 4, Section One: Price/Yield Formulae "Conventional Gilts", "Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published on 8 June 1998 and updated on 15 January 2002 and as further updated or amended from time to time) on an annual compounding basis (converted on an annualised yield and rounded up (if necessary) to four decimal places).

Any reference in these Conditions and the Trust Deed to principal shall be deemed to include any sum payable as the redemption price pursuant to this Condition 5(c).

(d) **Redemption at the option of the Noteholders upon a change of control**

- (i) A "**Put Event**" will occur if while any of the Notes remain outstanding at any time during the Change of Control Period:
 - (a) any Rating Agency which rated the Notes as Investment Grade prior to the Change of Control Event downgrades the Notes to Non-Investment Grade, and at least one such rating is not within the Change of Control Period restored to an Investment Grade rating by any such Rating Agency or replaced by an Investment Grade rating of another Rating Agency and each relevant Rating Agency, when downgrading the Notes to Non-Investment Grade or withdrawing the rating of the Notes, announces or publicly confirms to or informs the Issuer in writing that such Non-Investment Grade rating or withdrawal of rating was, in whole or in part, the result of any event or circumstance comprised in or arising as a result of the applicable Change of Control Event;
 - (b) if the rating assigned to the Notes by any Rating Agency shall be below an Investment Grade rating, any such rating is lowered by one full rating category (by way of example, from BB+ to BB or such lower or equivalent rating), and each relevant Rating Agency, when lowering the rating assigned to the Notes, announces or publicly confirms to or informs the Issuer in writing that the reduction was, in whole or in part, the result of any event or circumstance comprised in or arising as a result of the applicable Change of Control Event; or
 - (c) if at such time there are no rated Notes, at least one Investment Grade rating by any Rating Agency is not obtained,

provided that, if at the relevant time the Notes carry a credit rating from more than one Rating Agency, at least one of which is Investment Grade, then subparagraph (i)(a) will apply.

- (ii) If a Put Event occurs (unless the Issuer has given notice under Condition 5(b), Condition 5(c) or Condition 5(f)):
 - (a) the Issuer shall, and if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, the Trustee shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) within 10 Business Days after the occurrence of such Put Event, give notice (a **"Put Event Notice"**) to the Noteholders in accordance with Condition 17 and the Trustee specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 5(d); and
 - (b) the holder of each Note will have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Put Date (as defined below) at its principal amount, together with any interest accrued up to (but excluding) the Put Date.

For the purpose of this Condition 5(d):

"Change of Control Event" shall occur if any person or any persons or any person(s) acting in concert (as defined in the City Code on Takeovers and Mergers), (the **"Relevant Person"**) at any time is/are or become(s) interested (within the meaning of Part 22 of the Companies Act 2006) in (a) more than 50 per cent. of the issued or allotted ordinary share capital of the Guarantor or a Holding Company of the Guarantor or (b) such number of shares in the capital of the Guarantor or a Holding Company of the Guarantor as carry more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Guarantor or such Holding Company, as the case may be, provided that a Change of Control Event shall not occur if all or substantially all of the shareholders of the Relevant Person immediately after the event which would otherwise have constituted a Change of Control Event are the shareholders of the Guarantor or any Holding Company of the Guarantor in either case immediately prior to the event which would otherwise have constituted a Change of Control Event with the same (or substantially the same) pro rata interests in the share capital of the Relevant Person as such shareholders had in the share capital of the Guarantor or such Holding Company immediately prior to such event;

"Change of Control Period" means the period:

- (i) commencing on the date that is one Business Day before the date of the relevant Change of Control Event; and

- (ii) ending 90 days after the date of the Change of Control Event or such longer period for which the Notes are under consideration by a Rating Agency for rating or rating review (such consideration having been announced publicly within the period ending 90 days after the date of the Change of Control Event and such period not to exceed 60 days after the public announcement of such consideration);

"Holding Company" shall have the meaning given to it in section 1159(1) of the Companies Act 2006;

"Investment Grade" means, with respect to a credit rating given by a Rating Agency, an investment grade credit rating (Baa3 or BBB-, as the case may be, or equivalent, or better) from such Rating Agency;

"Non-Investment Grade" means, with respect to a credit rating given by a Rating Agency, that such rating is not Investment Grade; and

"Rating Agency" means Moody's Investors Service Limited ("**Moody's**"), or Fitch Ratings Ltd. ("**Fitch**"), or Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), or any of their respective successors or any rating agency (a "**Substitute Rating Agency**") substituted for any of them by the Guarantor from time to time but in each case excluding any rating agency providing a rating of the Notes on an unsolicited basis.

Such option may be exercised by the holder delivering its Note(s), on any Business Day falling within the period (the "**Put Period**") of 45 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Put Notice**") and in which the holder may specify a sterling bank account to which payment is to be made under this Condition 5(d).

The Notes should be delivered together with all Coupons appertaining thereto maturing after the date (the "**Put Date**") seven days after the expiry of the Put Period. The Paying Agent to which such Note and Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a sterling bank account in the Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. For the purposes of Condition 6 and certain other purposes specified in the Trust Deed, receipts issued pursuant to this Condition 5(d) shall be treated as if they were Notes. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the relevant Notes on the Put Date at their principal amount, together with any interest accrued up to (but excluding) the Put Date unless previously redeemed or purchased.

If the rating designations employed by Moody's, Fitch or S&P are changed from those described in the definition of Investment Grade above during the Change of Control Period the Issuer shall determine the rating designations of Moody's, Fitch or S&P or such other Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, Fitch or S&P, and this Condition shall be construed accordingly.

(e) **Purchase**

Notwithstanding Conditions 5(a), (b), (c) and (d) above, the Issuer, the Guarantor and any of their Subsidiaries may, at any time, purchase Notes (provided that, if they are to be cancelled under Condition 5(g), all unmatured Coupons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Notes held by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries shall not entitle the holder to vote at any meetings of the Noteholders and such Notes shall be deemed not to be outstanding (as defined in the Trust Deed) for the purposes of, inter alia, calculating quorums at meetings of Noteholders or for the purposes of Condition 9, Condition 10 and Condition 12.

(f) **Clean-up call option**

If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed pursuant to Condition 5(c), or purchased pursuant to Condition 5(e), the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Redemption Date, redeem, at its option, the remaining Notes as a whole, but not in part, at a redemption price of the principal amount thereof plus interest accrued to but excluding the date of such redemption.

(g) **Cancellation**

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their Subsidiaries may be held, reissued or resold or surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Principal Paying Agent and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

(h) **Multiple Notices**

If more than one notice of redemption is given pursuant to this Condition 5, the first of such notices to be given shall prevail.

(i) **Trustee Not Obligated to Monitor**

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 5 and will not be

responsible to Noteholders or Couponholders for any loss arising from any failure to do so. Unless and until the Trustee has written notice pursuant to the Trust Deed of the occurrence of any event or circumstance within this Condition 5, it shall be entitled to assume that no such event or circumstance exists.

6. Payments

(a) Payments

Payments of principal and interest in respect of the Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes and payments of interest due on an Interest Payment Date will be made against presentation and surrender of the relevant Coupons in each case at the specified office of any Paying Agent outside the United States by transfer to a sterling account maintained by the payee with a bank in London.

(b) Payments subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7. For the purposes of the preceding sentence, the phrase “fiscal or other laws, regulations and directives” shall include any obligation of the Issuer or the Guarantor to withhold or deduct from a payment 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 thereunder or official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Principal Paying Agent initially appointed by the Issuer and the Guarantor and its specified office is specified below. The Principal Paying Agent and the Paying Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent or any other Paying Agent and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent and (ii) a Paying Agent (which may be the Principal Paying Agent) having specified offices in London so long as the Notes are admitted to the Official List of the Financial Conduct Authority acting in its capacity as the UK listing authority and admitted to trading on the London Stock Exchange's EEA Regulated Market.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(d) **Surrender of unmatured Coupons**

Each Note should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 7) for the relevant payment of principal.

(e) **Non-Business Days**

If any date for payment in respect of any Note or Coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. In these Conditions, “**Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business:

- (i) (in the case of this Condition 6) in the place where such Note or Coupon is presented for payment and, in the case of payment by transfer to a sterling account as referred to above, in London; or
- (ii) in any other case, in London.

7. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required by law to be made (“**Additional Amounts**”), except that no such Additional Amounts shall be payable with respect to any Note or Coupon:

(a) **Other connection**

presented for payment by or on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon; or

(b) **Lawful elimination of withholding**

presented for payment by or on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any person who is associated or connected with the holder for the purposes of any tax complies with any statutory requirements or by making or procuring that any such person makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note or Coupon is presented for payment; or

(c) **Presentation more than 30 days after the Relevant Date**

presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to “**principal**” and/or “**interest**” shall be deemed to include any Additional Amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

8. Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes and Coupons shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the Relevant Date in respect of them, subject to the provisions of Condition 6(d).

9. Events of Default

If any of the following events (“**Events of Default**”) occurs, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, (but, in the case of the happening of any of the events mentioned in paragraphs (ii) and, in the case of a Material Subsidiary only, (iii) and (v) below, only if the Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer and the Guarantor that the Notes are, and they shall immediately become, due and payable at their principal amount together with accrued interest:

- (i) if default is made for a period of 14 days or more in the payment of any interest, or 7 days or more in the payment of any principal due in respect of the Notes or any of them; or

- (ii) if default is made by the Issuer or the Guarantor in the performance or observance of any obligation, condition or provision binding upon either of them under the Notes or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Notes) and, except where such default is, in the opinion of the Trustee, not capable of remedy when no such continuation or notice as is hereinafter mentioned will be required, such default continues for 30 days (or such longer period as the Trustee may permit) after written notice thereof has been given by the Trustee to the Issuer and the Guarantor requiring the same to be remedied; or
- (iii) if an order is made or an effective resolution is passed for the winding-up of, or an administration order is made in relation to, the Issuer, the Guarantor or any Material Subsidiary (save (a) with the prior consent of the Trustee in its sole discretion or the prior sanction of an Extraordinary Resolution for the purposes of or in connection with an amalgamation, reorganisation or reconstruction or (b) (in the case of a Material Subsidiary) for a voluntary solvent winding-up where surplus assets are available for distribution and are distributed to another member of the Group); or
- (iv) if the Issuer, the Guarantor or any Material Subsidiary stops, suspends or threatens to stop or suspend payment to its creditors generally; or
- (v) the Issuer, the Guarantor or any Material Subsidiary ceases or threatens through an official action of its board of directors to cease to carry on its business or substantially the whole of its business, except (A) for the purposes of, or in connection with, a reconstruction, reorganisation or amalgamation (a) the terms of which have previously been approved in writing by the Trustee in its sole discretion or by an Extraordinary Resolution, (b), in the case of the Guarantor, whereby the undertaking and assets of the Guarantor are transferred to or otherwise vested in the Issuer or a Subsidiary of the Guarantor within the Group or another Holding Company of the Guarantor on terms that, where such transfer or vesting is to or in a Subsidiary within the Group or another Holding Company of the Guarantor, such Subsidiary of the Guarantor or the Holding Company of the Guarantor guarantees the obligations of the Issuer under the Trust Deed, the Notes and the Coupons on a basis equivalent to that referred to in Condition 2 and in the Trust Deed in accordance with the provisions of the Trust Deed or (c), in the case of the Issuer only, whereby the undertaking and assets of the Issuer are transferred to or otherwise vested in (x) the Guarantor or (y) a Subsidiary within the Group on terms that such Subsidiary guarantees the obligations of the Issuer under the Trust Deed, the Notes and the Coupons on a basis equivalent to that referred to in Condition 2 and in the Trust Deed on a joint and several basis with the Guarantor in accordance with the provisions of the Trust Deed, or (B) in the case of a Material Subsidiary (a) whereby all or part of the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Guarantor or one or more of its Subsidiaries, and/or (b) for the purpose of a *bona fide* disposal on an arm's length basis of all or part of the business (including if by way of a disposal of shares in a

Subsidiary of the Guarantor) of a Material Subsidiary, and/or (c) for a voluntary solvent winding-up where surplus assets are available for transfer and are transferred to another member of the Group; or

- (vi) if an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or any substantial part (in the case of the Issuer or the Guarantor) or substantially the whole (in the case of any Material Subsidiary) of the undertaking, property and assets of the Issuer, the Guarantor or any Material Subsidiary or if a distress or execution is levied or enforced upon or sued out against the whole or any substantial part (in the case of the Issuer or the Guarantor) or substantially the whole (in the case of any Material Subsidiary) of the chattels or property of the Issuer, the Guarantor or any Material Subsidiary and, in the case of any of the foregoing events, is not discharged within 60 days or such longer period as the Trustee may allow in its sole discretion; or
- (vii) if the Issuer, the Guarantor or any Material Subsidiary is unable to pay its debts within the meaning of Section 123(1)(e) or Section 123(2) of the Insolvency Act 1986; or
- (viii) if the Issuer or the Guarantor (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for a composition with its creditors generally (or any class of its creditors) save where such judicial proceedings, composition, conveyance, assignment or other arrangement are initiated or made in connection with the putting in place of a New Holding Company; or
- (ix) if the Guarantee ceases to be in full force and effect; or
- (x) if the Issuer ceases to be a wholly-owned subsidiary of the Guarantor unless it becomes a wholly-owned subsidiary of the New Holding Company; or
- (xi) if (A) any indebtedness for moneys borrowed (as defined below) of the Issuer, the Guarantor or any Material Subsidiary is not paid on its due date (or, in the case of indebtedness for moneys borrowed of the Issuer, the Guarantor or any Material Subsidiary payable on demand, is not paid within 5 Business Days of such demand) (or, in any case, if later and if applicable, by the expiry of any originally applicable grace period) or is declared to be, or automatically becomes, due and payable prior to its stated maturity by reason of an event of default (however described), or (B) any guarantee or indemnity in respect of indebtedness for moneys borrowed of any third party given by the Issuer, the Guarantor or any Material Subsidiary is not honoured when due and called upon, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or all of

the events mentioned above in this paragraph (xi) has occurred is at least £10,000,000 (or its equivalent in any other currency or currencies) and, in any such case, neither the Issuer nor the Guarantor has delivered to the Trustee a certificate signed by two directors of the Issuer or the Guarantor (in respect of its own liability or the liability of any Material Subsidiary) stating that the liability of the Issuer, the Guarantor or any Material Subsidiary, as the case may be, to make payment is being contested in good faith in a competent court.

For the purposes of these Conditions:

“indebtedness for moneys borrowed” means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other debt securities or any borrowed money;

a company is a **“wholly-owned subsidiary”** of another company if it has no members except that other and that other’s wholly-owned subsidiaries or persons acting on behalf of that other or its wholly-owned subsidiaries;

a **“Material Subsidiary”** means at any time a Subsidiary within the Group (other than the Issuer or the Guarantor):

- (a) whose gross revenues (as shown in its most recent annual audited accounts and consolidated in the case of a Subsidiary which ordinarily produces consolidated accounts) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Group relate, are equal to) not less than 10 per cent. of the consolidated gross revenues of the Group, as calculated by reference to the then latest audited consolidated accounts of the Group; provided that, in the case of a Subsidiary within the Group acquired after the end of the financial period to which the then latest audited consolidated accounts of the Group relate, the reference to the then latest audited consolidated accounts of the Group for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Guarantor; or
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary within the Group which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall be deemed to become a Material Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated accounts of the Group for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph

(a) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

A report by two directors of the Issuer (whether or not addressed to the Trustee) that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied on by the Trustee without liability to any person and without further enquiry or evidence and, if relied upon by the Trustee, shall be conclusive and binding on all parties; and

“Group” means (i) the Guarantor and its Subsidiaries or (ii) if the Issuer ceases to be a wholly-owned subsidiary of the Guarantor and becomes a wholly-owned subsidiary of another Holding Company which guarantees the obligations of the Issuer under the Trust Deed, the Notes and the Coupons on a basis equivalent to that referred to in Condition 2 and in the Trust Deed (such a Holding Company, the **“New Holding Company”**), the New Holding Company and its subsidiaries.

10. Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Trustee upon receipt of a written request from Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding (subject to the Trustee being indemnified and/or prefunded and/or secured to its satisfaction). The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals to (i) amend the dates of maturity or redemption of the Notes or any date for payment of interest on the Notes, (ii) reduce or cancel the principal amount of the Notes, (iii) reduce or cancel the rate of interest in respect of the Notes, (iv) vary the currency of payment or denomination of the Notes, (v) modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (vi) modify or cancel the Guarantee, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the Noteholders of not less than 75 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed

at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) **Modification of the Trust Deed or the Agency Agreement**

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver may be made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable thereafter.

(c) **Substitution**

If requested by the Issuer or the Guarantor, the Trustee shall, without the consent of the Noteholders or Couponholders, agree with the Issuer or the Guarantor to the substitution (a) in place of the Issuer as the principal debtor of either (i) the Guarantor or another Holding Company of the Issuer or (ii) any Subsidiary within the Group or (iii) a successor in business to the Issuer (each a “**Substitute Issuer**”) or (b) in place of the Guarantor as guarantor of either (i) a successor in business to the Guarantor or (ii) a Subsidiary within the Group or (iii) another Holding Company of the Issuer (each a “**Substitute Guarantor**” and a Substitute Guarantor or a Substitute Issuer being hereinafter called a “**Substitute Obligor**”), in each case subject to certain conditions in the Trust Deed being complied with.

Any substitution shall be binding on the Noteholders and Couponholders and, unless the Trustee agrees otherwise, shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 17.

11. Entitlement of the Trustee

In connection with any exercise of its functions (including but not limited to those referred to in Condition 10), the Trustee shall have regard to the interests of the Noteholders as a class and the Trustee shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any such exercise as aforesaid, no Noteholder or Couponholder shall be entitled to claim, whether from the Issuer, the Guarantor, the Substitute Obligor or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Noteholders

or Couponholders except to the extent already provided in Condition 7 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

12. Enforcement

The Trustee may at its discretion take such action and/or institute such proceedings as it may think fit to enforce the obligations of the Issuer and/or the Guarantor under the Notes, the Coupons and the Trust Deed, but it shall not be bound to take any such action or institute any such proceedings or to take any other action under or pursuant to the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder shall be entitled to institute proceedings directly against the Issuer or the Guarantor unless the Trustee having become bound so to proceed fails to do so within a reasonable time and such failure is continuing.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including:

- (i) provisions relieving it from taking action and/or instituting proceedings unless indemnified and/or secured and/or prefunded to its satisfaction; and
- (ii) provisions limiting or excluding its liability in certain circumstances. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or opinion or any advice of any financial advisers, financial institution or other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, opinion, confirmation or certificate or advice and such report, opinion, confirmation, or certificate or advice shall be binding on the Issuer, the Guarantor, the Trustee and the Noteholders.

14. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent or such other Paying Agent as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment there shall be paid to the

Issuer on demand the amount payable by the Issuer in respect of such Notes or Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding Notes constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

16. Limitation on Trustee actions

The Trustee may refrain from taking any action in any state or jurisdiction if the taking of such action in that jurisdiction would in its opinion be contrary to any law of that state or jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that state or jurisdiction or if in its opinion it would not have the power to do the relevant thing in that state or jurisdiction by virtue of any applicable law in that state or jurisdiction or if it is determined by any court or other competent authority in that state or jurisdiction that it does not have such power.

17. Notices

Notices required to be given to Noteholders pursuant to these Conditions shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). If in the opinion of the Trustee such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19. Governing Law

The Trust Deed, the Notes and the Coupons and any matter, claim or dispute arising out of or in connection with the Trust Deed, the Notes and the Coupons, whether contractual or non-contractual, are governed by, and shall be construed in accordance with, English law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

The Trust Deed, the Temporary Global Note and the Global Note contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

1 Principal Amount and Exchange

The principal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear and Clearstream, Luxembourg or any alternative clearing system approved by the Trustee (the “**Alternative Clearing System**”) (each a “**relevant Clearing System**”). The records of such relevant Clearing System shall be conclusive evidence of the principal amount of Notes represented by the Temporary Global Note and the Permanent Global Note and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time.

The Temporary Global Note is exchangeable in whole or in part for interests recorded in the records of the relevant Clearing Systems in the Permanent Global Note on or after a date which is expected to be 22 January 2018, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. The Permanent Global Note is exchangeable in whole but not in part (free of charge to the holder) for the Definitive Notes described below if the Permanent Global Note is held on behalf of a relevant Clearing System and such relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Thereupon, the holder may give notice to the Principal Paying Agent of its intention to exchange the Permanent Global Note for Definitive Notes on or after the Exchange Date specified in the notice.

On or after the Exchange Date (as defined below) the holder of the Permanent Global Note may surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Notes.

“**Exchange Date**” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the cities in which the relevant Clearing System is located.

2 Payments

No payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will be made to its holder. The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing System and, in the case of payments of principal, the principal amount of the Notes will be reduced accordingly. Each payment so made will discharge the Issuer’s obligations in respect

thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge.

3 Notices

So long as the Notes are represented by the Permanent Global Note and such Permanent Global Note is held on behalf of a relevant Clearing System, notices to Noteholders may be given by delivery of the relevant notice to that relevant Clearing System for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

4 Prescription

Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by the Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

5 Meetings

The holder of the Permanent Global Note shall (unless such Permanent Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each £1,000 in principal amount of Notes.

6 Purchase and Cancellation

On cancellation of any Note required by the Conditions to be cancelled following its purchase, the Issuer shall procure that details of such cancellation shall be entered *pro rata* in the records of the relevant Clearing Systems and, upon any such entry being made, the principal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so cancelled.

7 Trustee's Powers

In considering the interests of Noteholders while the Permanent Global Note is held on behalf of a relevant Clearing System the Trustee may have regard to any information provided to it by such relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Permanent Global Note and may consider such interests as if such accountholders were the holder of the Permanent Global Note.

8 Put Option

The Noteholders' put option in Condition 5(d) may be exercised by the holder of the Permanent Global Note, giving notice to the Principal Paying Agent of the principal amount of Notes in respect of which the option is exercised within the time limits specified in Condition 5(d). The Issuer shall procure that any exercise of any option or any right under the Notes, as the case may be, shall be entered in the records of the relevant Clearing Systems and upon any such entry being made, the principal amount of the Notes represented by such Permanent Global Note shall be adjusted accordingly.

9 Electronic Consent and Written Resolution

While any Global Note is held on behalf of a relevant Clearing System, then:

- (a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications

systems of the relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (an “**Electronic Consent**” as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons whether or not they participated in such Electronic Consent; and

- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement beneficially held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or an Alternative Clearing System and, in the case of (b) above, the relevant Clearing System and the accountholder identified by the relevant Clearing System for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

10 Eurosystem Eligibility

The Notes are intended to be held in a manner which would allow eligibility for the central banking system for the euro (“**Eurosystem**”). This simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

UNITED KINGDOM TAXATION

The comments below are of a general nature and are not intended to be exhaustive. They are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs). They describe only the United Kingdom withholding tax treatment of payments under the Notes. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons. Certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer may be subject to special rules and this summary does not apply to such Noteholders. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

Interest on the Notes

Provided the Notes are and continue to be listed on a recognised stock exchange within the meaning of Section 1005 of the Income Tax Act 2007, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List of the London Stock Exchange and are admitted to trading on the Regulated Market of the London Stock Exchange.

A further exclusion from the obligation to make a withholding on account of income tax applies where, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner of the interest is within the charge to United Kingdom corporation tax as regards the payment of interest, provided HM Revenue & Customs has not given a direction that the interest should be paid under deduction of tax.

In other cases interest will generally be paid by the Issuer under deduction of income tax at the basic rate (currently 20 per cent.) unless: (i) another relief or exemption applies; or (ii) the Issuer has received a direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Where Notes are issued at an issue price of less than 100 per cent. of their principal amount, any payments in respect of the accrued discount element on any such Notes will not be subject to any withholding or deduction for or on account of income tax.

Payments in Respect of the Guarantee

The United Kingdom withholding tax treatment of payments by the Guarantor under the terms of the Guarantee in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. In particular, such payments by the Guarantor may not be eligible for the exemption in respect of securities listed on a recognised stock exchange described above in relation to payments of interest by the Issuer. Accordingly, if the Guarantor makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply.

SUBSCRIPTION AND SALE

Banco Santander, S.A., BNP Paribas, Lloyds Bank plc and Merrill Lynch International (together, the **"Managers"**) have, pursuant to a Subscription Agreement (the **"Subscription Agreement"**) dated 7 December 2017, jointly and severally agreed to subscribe for the Notes at the issue price of 99.425 per cent. of the principal amount of the Notes. The Issuer will pay the Managers a combined management and underwriting commission, and will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Notes and the Guarantee 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 the registration requirements of the Securities Act. Terms used in this section have the meanings given to them by Regulation S under the Securities Act (**"Regulation S"**).

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes and the Guarantee (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes and the Guarantee during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes and the Guarantee within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and the Guarantee, an offer or sale of the Notes and the Guarantee within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **"FSMA"**)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

General

Neither the Issuer nor the Guarantor nor any Manager has made any representation that any action has been or will be taken by the Issuer, the Guarantor or any of the Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will comply to the best of its knowledge and belief in any country or jurisdiction in which it, directly or indirectly, offers or sells any Notes or distributes or publishes this Prospectus (in preliminary, proof or final form) or any other offering circular, prospectus, form of application, advertisement or other document or information relating to the Notes in all material respects with any applicable laws and regulations, in all cases at its own expense.

GENERAL INFORMATION

1. LISTING AND ADMISSION TO TRADING

It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the Market will be granted on or about 11 December 2017.

2. AUTHORISATION

Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with, as applicable, the issue and performance of the Notes and the giving of the Guarantee. The creation and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer passed on 21 November 2017. The giving of the Guarantee by the Guarantor has been authorised by a resolution of the Board of Directors of the Guarantor passed on 23 August 2017 and by resolution of a committee of the Board of Directors of the Guarantor passed on 21 November 2017 (the “**Committee Minutes**”). Pursuant to the resolutions of the Committee Minutes, authority was delegated by way of a power of attorney dated 22 November 2017 to the following individuals: Tim Hayter; Suzanne Jefferies; and Paul Hussey.

3. CLEARING SYSTEMS

The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The ISIN for this issue is XS1726321570 and the Common Code is 172632157.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

4. NO SIGNIFICANT CHANGE

There has been no material adverse change in the prospects of the Guarantor or the Group since 31 December 2016, being the date of the Guarantor's last published audited financial statements. There has been no significant change in the financial or trading position of the Guarantor or the Group since 30 June 2017, being the date to which the interim financial statements in the 2017 Interim Report of the Guarantor were made up.

There has been no material adverse change in the prospects of the Issuer since 31 December 2016, being the date of the Issuer's last published audited financial statements. There has been no significant change in the financial or trading position of the Issuer since 31 December 2016, being the date to which the published audited financial statements of the Issuer were made up.

5. LEGAL AND ARBITRATION PROCEEDINGS

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Guarantor and/or the Issuer is aware) during the 12 months prior to the date of this Prospectus that may have, or have had in the recent past significant effects on the Guarantor, the Issuer and/or the Group's financial position or profitability.

6. MATERIAL CONTRACTS

There are no material contracts entered into other than in the ordinary course of the Issuer's and/or the Guarantor's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

7. AUDITORS

The auditor of the Issuer for each of the financial years ended 31 December 2015 and 31 December 2016 was PricewaterhouseCoopers LLP of One Embankment Place, London, WC2N 6RH, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

The auditor of the Guarantor for each of the financial years ended 31 December 2015 and 31 December 2016 was PricewaterhouseCoopers LLP of One Embankment Place, London, WC2N 6RH, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

8. EXPENSES RELATING TO LISTING

The expenses related to the admission of the Notes to the Official List and to trading on the Market are estimated to amount to £4,200.

9. US TAX

The Notes and Coupons will contain the following legend:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

10. DOCUMENTS AVAILABLE FOR INSPECTION

Physical copies of the documents set out below are available for inspection during usual business hours on any weekday (public holidays excepted) for as long as the Notes are outstanding at the registered office of the Guarantor at York House, 45 Seymour Street, London, W1H 7JT:

- (A) the Memorandum of Association and the Articles of Association of the Issuer;
- (B) the Memorandum of Association and the Articles of Association of the Guarantor;
- (C) a copy of this Prospectus, together with any supplement to this Prospectus or further Prospectus;
- (D) the 2015 Annual Report and the 2016 Annual Report;
- (E) the 2016 Interim Report and the 2017 Interim Report;

- (F) the Issuer's audited financial information for the year ended 31 December 2015 together with the audit report thereon, as set out on pages 4 to 22 of the Issuer's Annual Report and Financial Statements for the year ended 31 December 2015;
- (G) the Issuer's audited financial information for the year ended 31 December 2016 together with the audit report thereon, as set out on pages 4 to 20 of the Issuer's Annual Report and Financial Statements for the year ended 31 December 2016; and
- (H) the Agency Agreement and the Trust Deed.

11. YIELD

The yield of the Notes is 2.335 per cent., per annum calculated on the basis of the Issue Price and as at the date of this Prospectus.

12. MANAGERS TRANSACTING WITH THE ISSUER AND THE GUARANTOR

Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and their affiliates in the ordinary course of business. Certain of the Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Guarantor and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer or the Guarantor routinely hedge their credit exposure to the Issuer or the Guarantor (as the case may be) consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

REGISTERED OFFICE OF THE ISSUER AND THE GUARANTOR

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PRINCIPAL PAYING AGENT

Citibank, N.A., London Branch

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To the Issuer and the Guarantor as to English law

To the Managers and the Trustee as to English law

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Linklaters LLP

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