



THE BRITISH LAND COMPANY PLC

(incorporated in England and Wales with limited liability under registered number 621920)

£1,000,000,000 Euro Medium Term Note Programme

Under this £1,000,000,000 Euro Medium Term Note Programme (the **Programme**), The British Land Company PLC (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will be £1,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an on-going basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

Application has been made to the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended (the **FSMA**), (the **UK Listing Authority**) for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the UK Listing Authority (the **Official List**). Application has also been made 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**), which is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). References in this Base Prospectus to Notes being **listed** (and all related references) shall (unless the context otherwise requires) mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List.

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, Notes may not be offered, sold or delivered within the United States or to, or for the account of, U.S. persons (see "*Subscription and Sale*").

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in the applicable final terms (the **Final Terms**) which, with respect to Notes to be admitted to the Official List and admitted to trading on the Market, will be delivered to the UK Listing Authority and (where listed) the London Stock Exchange on or before the date of issue of the Notes of such Tranche. Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service.

The Programme has been rated A- by Fitch Rating's Limited (**Fitch**). Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). Notes issued under the Programme may be rated by Fitch or unrated. Where a Tranche of Notes is to be rated, such rating will be disclosed in the Final Terms, and the rating assigned to it will not necessarily be the same as the rating assigned to the Programme by Fitch or the same as ratings assigned to other issues of Notes. Please also refer to "*Ratings of the Notes*" in the "*Risk Factors*" section of this Base Prospectus for further information. **A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

Arranger

Barclays

Dealers

BofA Merrill Lynch

Barclays

Crédit Agricole CIB

HSBC

Lloyds Bank

Mitsubishi UFJ Securities

Santander Global Banking & Markets

The Royal Bank of Scotland

UBS Investment Bank

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IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**). For the purposes of this Base Prospectus, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in a Member State of the European Union, Iceland, Norway or Liechtenstein (together, the **European Economic Area**) which has implemented the Prospectus Directive (each, a **Relevant Member State**)) and includes any relevant implementing measure in each Relevant Member State, and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.

Neither the Trustee nor the Dealers 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 Trustee or the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. Neither the Trustee nor any Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation of the Issuer and and/or the Notes; or (ii) should be considered as a recommendation by the Issuer, the Trustee or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any 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. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Trustee or any of the Dealers to any person to subscribe for or to purchase any 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 may wish to consider, either on its own or with the help of its financial and other professional advisers whether it:

- (i) has 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 Base Prospectus or any applicable supplement;

- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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) Notes are legal investments for it; (2) 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 Notes under any applicable risk-based capital or similar rules.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Trustee and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any 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 Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Dealers and the Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any 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 Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Base 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 Base 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 Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, European Economic Area (including the United Kingdom) and Japan (see "*Subscription and Sale*").

In connection with the issue of any Tranche of Notes, one or more relevant Dealers (the **Stabilising Manager(s)**) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

All references in this Base Prospectus to (i) **pounds sterling** and **£** are to the lawful currency for the time being of Great Britain and Northern Ireland; (ii) **euro** and **€** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended; and (iii) **U.S. dollars** and **U.S.\$** are to the lawful currency for the time being of the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole, including any information incorporated by reference, by any investor. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

*The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions (the **Conditions**), in which event, in the case of listed Notes, a new Base Prospectus will be published. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this overview.*

Issuer: The British Land Company PLC

Arranger: Barclays Bank PLC

Dealers: Banco Santander, S.A.

Barclays Bank PLC

Crédit Agricole Corporate and Investment Bank

HSBC Bank plc

Lloyds TSB Bank plc

Merrill Lynch International

Mitsubishi UFJ Securities International plc

The Royal Bank of Scotland plc

UBS Limited

and any other Dealers appointed from time to time by the Issuer generally in respect of the Programme or in relation to a particular Tranche of Notes in accordance with the Programme Agreement.

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “*Risk Factors*” and include certain risks relating to the structure of particular Series of Notes and certain market risks.

Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Base Prospectus.
	Notes having a maturity of less than one year
	Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “ <i>Subscription and Sale</i> ”.
Trustee:	Capita Trust Company Limited.
Principal Paying Agent:	The Bank of New York Mellon.
Initial Programme Size:	Up to £1,000,000,000 (or its equivalent in other currencies) aggregate principal amount outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and (in each case) on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes:

The Notes will be issued in bearer form.

Each Tranche of Notes will be represented on issue by a Temporary Global Note (as defined below) or a Permanent Global Note (as defined below). Where either a Temporary Global Note or a Permanent Global Note is intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, the Temporary Global Note or Permanent Global Note, as the case may be, will be delivered on or prior to the original issue date of the relevant Notes to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**); and where such a Temporary Global Note or a Permanent Global Note is not intended to be issued in NGN form, the Temporary Global Note or Permanent Global Note, as the case may be will be delivered on or prior to the original issue date of the relevant Notes to a common depositary (the **Common Depositary**) for Euroclear and Clearstream Luxembourg.

The NGN form allows the possibility of Notes issued to be held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the **Eurosystem**) and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

Each Temporary Global Note and Permanent Global Note will be exchangeable (free of charge to the holder) in the circumstances described in “*Form of the Notes*” below for (in the case of a Temporary Global Note) interests in a Permanent Global Note or, if so provided in the applicable Final Terms, for definitive Notes with, where applicable, interest coupons and talons attached or (in the case of a Permanent Global Note) for definitive Notes with, where applicable, interest coupons and talons attached.

In relation to any issue of Notes which are represented on issue by a Temporary Global Note exchangeable for Definitive Notes, such Notes shall be issued with a single Specified Denomination only. In no circumstances shall they be issued with a Specified Denomination plus one or more higher integral multiples of another smaller amount.

Initial Delivery of Notes:

On or before the issue date for each Tranche, the Global Note may be deposited with a common depositary, or a common safekeeper for, Euroclear and Clearstream, Luxembourg. Global Notes may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Trustee, the Principal Paying Agent (as defined below) and the relevant Dealer.

Fixed Rate Notes:

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of LIBOR or EURIBOR, as set out in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution (see "*Certain Restrictions – Notes having a maturity of less than one year*" above).

Denomination of Notes:

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency as at the date of issue of the relevant Notes).

Taxation:

All payments in respect of the Notes will be made without deduction or withholding for or on account of tax imposed by the United Kingdom, save as required by law. In the event that any such deduction or withholding in respect of United Kingdom tax is required by law to be made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge:

The terms of the Notes will not contain a negative pledge provision.

Restriction on Borrowings:

The terms of the Notes will contain a restriction on Net Borrowings and Net Unsecured Borrowings as further described in Condition 3.

Cross Default:

The terms of the Notes will contain a cross default provision as further described in Condition 9(a).

Status of the Notes:

The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Rating:	This Programme has been assigned a credit rating of A- by Fitch. A Series of Notes issued under the Programme may be rated by Fitch or unrated. Where a Series of Notes is to be rated, such rating will be disclosed in the applicable Final Terms, and the rating assigned to it will not necessarily be the same as the rating assigned to the Programme or the same as ratings assigned to other issues of Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
Listing:	Application has been made for Notes issued under the Programme to be admitted to the Official List and to trading on the Market.
Governing Law:	The Notes, and any non-contractual obligations arising out of or in connection with the Notes, will be governed by and construed in accordance with English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "<i>Subscription and Sale</i>".
United States Selling Restrictions:	The Issuer is a Category 2 issuer for the purposes of the Securities Act. The Notes will be issued in compliance with U.S. Treasury Regulations S1.163-5(c)(2)(i)(D) (or any successor United States Treasury regulation section, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the D Rules) unless (i) the applicable Final Terms states that Notes are issued in compliance with U.S. Treasury Regulations S1.163-5(c)(2)(i)(C) (or any successor United States Treasury regulation section, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the C Rules); or (ii) the Notes are issued other than in circumstances in which the Note will not constitute registration required obligations under the United States Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference) and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the programme

Portfolio generally

Property investments are subject to varying degrees of risk. Rental revenues and property values are affected by changes in the general economic climate and local conditions such as an oversupply of space, a reduction in demand for commercial real estate in an area, competition from other available space, increased operating costs and the relative attractiveness to investors generally of property of that type as an investment. Property markets tend to be cyclical and related to the condition of the economy as a whole. The Issuer and its subsidiaries (together, the **Group**) has experienced in the past and expects to experience in the future, the negative impact of periods of economic slowdown or recession and corresponding declines in the demand for property in the markets in which it operates.

The Group's decision to hold, buy or sell properties may not deliver the expected returns or may fail to meet value or performance expectations because of the Group's failure to anticipate the market cycle correctly. Buying or selling at the wrong point in the property cycle or in the wrong location could lead to an underperformance of the Group's portfolio.

Any decline in rental levels or market values may adversely affect the revenues and operations of the Group and accordingly the Issuer's ability to meet its obligations under the Notes.

Real Estate Risks

The Group is subject to risks generally affecting interests and investments in, and ownership of, real property, including: changes in general political and economic conditions or in specific industry segments; declines in property values; changes in valuation yields due to relative attractiveness of property as an asset class; variations in supply of and demand for office and retail space (or office and retail space of a particular type); obsolescence of properties; declines in rental or occupancy rates; increases in interest rates; changes in rental terms (including the tenants' responsibility for operating expenses); fluctuations in the availability of financing for the acquisition of properties; changes in governmental rules, regulations and fiscal and other policies; war; terrorism and acts of God (where not covered by insurance); changes to the United Kingdom taxation regime in relation to property, in particular, but not limited to, stamp duty land tax; and other factors which are beyond the control of the Group, all of which may affect rental and/or valuation levels and may adversely impact

the Issuer's ability to make payments of interest and principal in respect of, inter alia, the Notes when due and payable.

External factors affecting occupier demand

The Group's portfolio focuses primarily on prime retail (60 per cent., of which 80 per cent. is out of town), and Central London offices (35 per cent.) which attract high quality occupiers committed to long leases. The value of the Group's portfolio and its rental incomes may be adversely affected by external factors affecting occupier demand.

For the prime retail portfolio, this includes increasing use of the internet for shopping, rather than physical stores, which may adversely affect occupiers' demand for the Group's retail space.

For the Central London office portfolio, this includes any developments which may damage or diminish London's status as a global financial and business centre, such as a reduction in London's attractiveness to skilled persons as a result of regulation, taxation or otherwise, an increase in costs or other adverse changes in the regulatory environment for financial services, acts of terrorism, economic recession or otherwise. If London's status as a global financial and business centre were damaged or diminished, occupier demand for commercial office space in London could decrease.

The increase in vacancies in the market resulting from the above factors could reduce the ability of the Group to let vacant space, reduce the rental values achievable in respect of commercial property and cause property values to decrease, which could have a material adverse effect on the Group's revenues and operations and, accordingly, the Issuer's ability to meet its obligations under the Notes.

Shared ownership of properties

Some of the Group's operations and developments are held within joint ventures or other shared ownership arrangements. By definition, control of joint ventures and other shared ownership arrangements is shared with the Group's joint venture partners and co-investors, and the directors of the companies within the Group will not be able exclusively to direct the strategy and operating decisions of these entities. In particular, material decisions relating to the joint ventures and co-investments are likely to require the consent of both joint venture partners, or a certain majority share of investors, which may restrict the ability to proceed with an operational change, acquisition, disposal or development, or the refinancing or repayment of debt. Joint ventures or other shared ownership arrangements may include provisions for one party to initiate a disposal of the joint venture's or other shared ownership arrangement's assets on the open market, subject to certain conditions. Conflict with joint venture partners or co-investors may lead to deadlock and result in the Group being unable to pursue its preferred strategy.

In addition, in the event of a joint venture partner or co-investor being unable to make financial commitments to the relevant project, it may be difficult to proceed with that project or the Group may incur increased financial exposure in order to reach completion.

In addition, the bankruptcy, insolvency or severe financial distress of one of the Group's joint venture partners or co-investors could materially and adversely affect the relevant joint venture, co-investment or properties held within that entity. The Group may have a right to acquire the share of the joint venture or co-investment which it does not own or the relevant properties, but the Group may not wish to do so, or may not have sufficient funds to do so, which could lead to a third party acquiring such interest, which may have uncertain outcomes for the Group and could have an adverse impact on the Group's business, reputation, financial condition and/or results of operations and, accordingly, the Issuer's ability to meet its obligations under the Notes.

Slowdown in general economic conditions, especially in certain business sectors or geographical regions, may adversely affect the Group's income

The Group's properties serve a broad range of occupiers. Therefore, the success of the business is dependent, to a significant degree, on the financial performance of a wide range of industries. Any prolonged economic downturn in the United Kingdom and continental Europe (or indeed in the sectors in which the Group's tenants operate) could have a material adverse effect on the Group's business, results of operations, financial condition and prospects and, accordingly, the Issuer's ability to meet its obligations under the Notes.

Further, a substantial proportion of the Group's properties are located in the UK and many of these are in London. Consequently, any downturn in the UK's economy as a whole, or localised downturn in an area with significant assets, could materially adversely affect the Group's business, results of operations, financial condition and prospects particularly as the Group has only limited ability to offset such a downturn through alternative activities. As a result, the Issuer's ability to meet its obligations under the Notes may be adversely affected.

Dependence on tenants

The Issuer's ability to fulfil its obligations under the Notes will depend on the Group continuing to receive a significant level of rent from its tenants. The Issuer's ability to fulfil such obligations could be affected if occupancy levels were to fall or if a significant number of tenants were unable to meet their obligations.

The Group derives a significant portion of its revenue directly or indirectly from rent received from its major retail tenants, including anchor tenants, and major office tenants. Major retail tenants and major office tenants generally pay a significant portion of the total rents at a property and, in some cases, contribute to the success of securing other tenants by attracting significant numbers of customers to the property. A downturn in business, bankruptcy or insolvency could force a major retail tenant or major office tenant to default on its rental obligations and/or vacate the premises. Such a default, in particular by one of the Group's top 20 tenants, could result in a loss of rental income, void costs, an increase in bad debts, and decrease the value of the property. Moreover, such a default may prevent the Group from increasing rents or result in lease terminations by, or reductions in rent for, other tenants under the conditions of their leases.

As existing leases terminate or become subject to tenant break options or space needs to be re-let for other reasons, there can be no assurance that such space will be re-let or, if re-let, that it will be re-let on terms (including rental levels) as favourable to the Group as those currently, or then, existing or that new tenants will be as creditworthy as existing tenants.

Environmental risks

Various laws may require current or previous owners or occupiers of property to investigate and/or clean-up hazardous or toxic substances. Owners or occupiers may also be obliged to pay for property damage and for investigation and clean-up costs incurred by others in connection with such substances. Such laws typically impose clean-up responsibility and liability having regard to whether such owners or occupiers knew of, or caused, the presence or escape of the substances. Even if more than one person may have been responsible or liable for the contamination, each person caught by the relevant environmental laws may be held responsible for all of the clean-up costs incurred.

In addition, third parties may bring legal proceedings against a current or previous owner, occupier or other party in control of property for damages and costs resulting from substances emanating from

that property. These damages and costs may be substantial. The presence of substances on a property could also result in personal injury or similar claims by private claimants.

Failure to future-proof the Group's buildings against extreme weather occurrences or the impact of current and emerging legislation may result in reduced investor and occupier interest in the Group's buildings, disruption to income streams for the Group and its occupiers and additional costs for the Group and its occupiers to adapt buildings or meet new legislative requirements. As a result, the Issuer's ability to meet its obligations under the Notes may be adversely affected.

Development Risks

The Group uses its development programme to create new properties that target incremental return on investment. The Group's development programme involves a higher degree of risk than its standing investment properties and requires that the Group accurately assess the development opportunity, including the return on investment, transport and other infrastructure attributes of the location, quality of specification, configuration and flexibility of accommodation, and timing and delivery of the completed property.

Inaccurate assessment of a development opportunity or a decrease in tenant demand due to competition from other commercial real estate properties or adverse market conditions could result in a substantial proportion of the development remaining vacant after completion and exert pressure on the Group to provide rental incentives to tenants.

Inaccurate assessment of a residential development opportunity or a decrease in occupier demand due to competition from other real estate properties or adverse market conditions could result in a substantial proportion of residential developments remaining unsold after completion.

The Group's strategy for development of prime commercial real estate requires that it hire skilled third party contractors to provide construction, engineering and various other services for the properties it is developing. The Group may hire a contractor that subsequently becomes insolvent, causing cost overruns, programme delays and the acceptance of riskier contractor covenants. The risk of such insolvency increases the risk of the Group being unable to recover costs in relation to any future latent defects subject to repair covenants given by the Group to tenants, to the extent that such costs are not otherwise covered by latent defect insurance.

The Group depends on skilled third party contractors for the timely construction of its developments in accordance with international standards of quality and safety. The process of construction may be delayed or disrupted by a number of factors, such as inclement weather or acts of nature, industrial accidents and defective building methods or materials. Any of these factors, alone or in combination, could delay or disrupt the construction process by halting the construction process or damaging materials or the development itself. In addition, the costs of construction depend primarily on the costs of materials and labour, which may be subject to significant unforeseen increases. The Group may not be able to recover for cost overruns under its insurance policies or from the responsible contractor or sub-contractor or may incur holding costs.

Construction delays may result in failure to meet certain conditions of pre-let agreements jeopardising future income streams provided for pursuant to those agreements.

The Group's development projects are subject to the hazards and risks normally associated with the construction and development of commercial real estate, including personal injury and property damage. The occurrence of any of these events could result in significant increased operating costs, reputational damage, fines, legal fees, or criminal prosecution of the Issuer, and its directors or management.

Regulatory risk

In each of the jurisdictions in which the Group operates, it has to comply with laws, regulations and administrative policies which relate to, among other matters, listing regulations, tax, real estate investment trusts (**REITs**), financial accounting, planning, developing, building, land use, fire, health and safety, the environment and employment. These regulations often give broad discretion to the administering authorities. Each aspect of the regulatory environment in which the Group operates is subject to change, which may be retrospective, and changes in regulations could affect operational costs, costs of property ownership, the rate of building obsolescence and the value of properties. The Issuer's ability to fulfil its obligations under the Notes may therefore be adversely affected.

REIT-related Risks

The group of companies of which the Issuer is the principal company (for the purposes of section 606 Corporation Tax Act 2010) converted to REIT status on 1 January 2007. Broadly, the effect of being a REIT is that the Issuer and certain of its subsidiaries (the **BL REIT Group**) benefit from an exemption from UK corporation tax on income from its property rental business and on gains arising on disposal of investment properties that were used for the purposes of its property rental business.

Since 1 January 2007 the BL REIT Group has satisfied the conditions now set out in Part 12 of the Corporation Tax Act 2010 in each accounting period ended before the date of this Base Prospectus and has therefore maintained REIT status. Noteholders should be aware that a number of conditions will need to continue to be satisfied in order for REIT status to be maintained in respect of the BL REIT Group. These conditions may limit the Group's flexibility and are not fully under the BL REIT Group's control. In addition, certain tax liabilities may arise for the BL REIT Group under the UK REIT regime, for example:

- (i) in the event that the Issuer does not make sufficient distributions to its shareholders;
- (ii) in the event of a breach of the profit:financing-cost ratio as described in Section 543 of the Corporation Tax Act 2010; or
- (iii) if the Issuer makes a distribution to, or in respect of, a person who is a "holder of excessive rights" as defined in Section 553 of the Corporation Tax Act 2010.

Although the Issuer currently intends to maintain REIT status, there is no guarantee that this will remain the case and/or that liabilities arising under the UK REIT regime may not be incurred. Changes to the legislative provisions relating to REITs, or their interpretation, could also adversely affect the Issuer's ability to fulfil its obligations under the Notes.

Foreign exchange risk

The Issuer's European investments are valued in euro. The Issuer reports its financial results in pounds sterling and must translate the valuations of its European properties from euro to pounds sterling. This exposure is hedged by matching the value of the foreign assets with borrowings in foreign currencies. The Group also engages overseas suppliers and contractors and purchases materials from overseas, particularly in relation to its development projects. If such contracts are denominated in foreign currencies and not hedged into pounds sterling, or if contracts for materials and services required are to be sourced overseas and have not yet been entered into, the Group could be exposed to fluctuations in foreign currency exchange rates. To the extent that the Group does not hedge its exposure to foreign currency exchange rate fluctuations, or to the extent that such hedging is inaccurate or otherwise ineffective, the Group could be exposed to fluctuations in foreign

currency exchange rates which could have a negative impact on the Group's results and/or its financial condition and, accordingly, the Issuer's ability to meet its obligations under the Notes.

Interest rate risk

The Group is exposed to interest-rate risks on the loans it has taken out to finance its investments. An increase in interest rates could have a negative impact on the Group's results. Part of the Group's exposure to variable rates is hedged through derivatives but these hedges could be insufficient to cover these risks. Moreover, changes in interest rates could have a negative impact on the Group's results and/or its financial position and, accordingly, the Issuer's ability to meet its obligations under the Notes.

Key Personnel

The Group's business model requires a relatively small staff of key skilled professionals to manage a relatively large property portfolio. The departure of key skilled professionals could cause disruption to the management structure and relationships, an increase in costs associated with staff replacement, lost business relationships or reputational damage, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Insurance

The Issuer does not have insurance coverage for certain types of catastrophic losses, which are not insurable or for which economically reasonable insurance is unavailable. In addition, there can be no guarantee that the Issuer's current insurance coverage will not be cancelled or become unavailable on economically reasonable terms in the future. If the Issuer were to suffer damage to an asset for which it was uninsured, it may be forced to obtain additional financing, to repair or rebuild the damaged asset or lose the value of the damaged asset altogether, which could have a negative impact on the Group's results and/or its financial condition and, accordingly, the Issuer's ability to meet its obligations under the Notes.

Liquidity risks and capital resources

Liquidity risk is the possibility of being unable to meet all present and future financial obligations as they become due. To mitigate its liquidity risk and augment its capital resources, the Issuer currently relies on the following forms of financing: bank facilities (i.e. committed lines of credit from major banks) and public and private bond issuance, including convertible bonds. The recent global economic downturn and resulting dislocation of financial markets around the world caused a number of the world's largest financial and other institutions significant operational and financial difficulties. While conditions have shown some improvement since, an elevated level of uncertainty remains in the financing markets with banks continuing to reduce their exposure to commercial real estate in particular.

Each of the Issuer's sources of financing could become unavailable, for example, if a reduction in its credit rating makes the cost of accessing the public and private debt markets prohibitive. Although the Issuer considers that the diversity of its financing helps to protect it from liquidity risk, it could find itself unable to access any or all of these sources of financing at reasonable rates or at all. Any failure by lenders to fulfil their obligations to the Issuer as well as the inability of the Issuer to access new funding in the longer term may impact the Issuer's cash flow and liquidity, which could have a material adverse effect on its business, results of operations, financial condition and prospects and, accordingly, the Issuer's ability to meet its obligations under the Notes.

Counterparty risks

A large number of major international financial institutions are counterparties to the interest rate derivatives and foreign exchange contracts or deposits and investments contracted by the Group. In the case of default by a counterparty, the Issuer could lose all or part of its deposits and investments or may lose the benefit from hedges signed with such counterparties. This could then result in an increase in interest rate or currency exposure and thus have a negative impact on the Group's results and/or its financial condition.

Breach of Covenants

The Issuer and the investment funds (including unit trusts) and joint ventures in which it has an interest have a substantial amount of outstanding secured and unsecured indebtedness. The secured debt consists primarily of securitisations, loan notes, credit facilities and debentures and its unsecured debt consists of revolving credit facilities, convertible bonds and bonds issued in private placements. The terms of the secured debt contain financial covenants that may limit the discretion of the Issuer and the investment funds and joint ventures through which it holds certain property interests in operating their respective businesses. The secured and unsecured indebtedness contain financial covenants in relation to income and asset coverage ratios as well as ratios on the amount of net unsecured indebtedness. If the Issuer or any investment funds or joint ventures in which it has an interest is unable to comply with applicable financial covenants, including as a result of events outside of its control, such as severe economic downturns or a change of control at the relevant borrower entity, it could lead to the acceleration of the related debt and the acceleration of debt under any other debt instruments containing cross-acceleration or cross-default provisions. If the debt owed by the Issuer or any investment funds or joint ventures in which it has an interest were to be accelerated or cross-accelerated, the Issuer may not be able to refinance or otherwise repay its indebtedness, which could have a material adverse effect on its business, financial condition, results of operations, future prospects and, accordingly, the Issuer's ability to meet its obligations under the Notes.

The Group may be affected by economic conditions generally

The operating and financial performance of the Group is influenced by global macroeconomic conditions.

Following the liquidity crisis that beset financial institutions beginning in September 2008 and the global economic recession that followed, certain governments and central banks took measures to lower interest rates in an effort to ameliorate economic conditions. The UK economy has since returned to modest and fragile growth and uncertainty remains as to the extent and timing of further recovery, with the possibility of income growth for the Group being depressed. There can be no assurance that any further steps taken by national governments will improve general global economic conditions.

Weakening of the economic health of countries across the Eurozone has resulted in an elevated risk of dislocation to financial and property markets resulting from any alteration in the membership of the Eurozone countries and this may have a negative impact on the Group and/or the value of its assets and accordingly, the financial condition of the Issuer and the value of any Notes issued by it.

Prospective investors should ensure that they are aware of current global macroeconomic conditions and responses to the global financial crisis and should take these factors into account when evaluating the risks and merits of an investment in the Notes.

External events beyond the control of the Group

External events such as civil emergencies, terrorist attacks, environmental disasters or extreme weather occurrences could result in damage to the Group's properties or otherwise inhibit or prevent access to the Group's properties adversely impacting the operations of the Group's occupiers. Such events could give rise to reduced occupier and investor demand for the Group's properties resulting in reduced property values and rental income. This would have negative impact on the Group and/or the value of its assets and accordingly, the financial condition of the Issuer and the value of any Notes issued by it.

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common features:

Structural subordination to subsidiary debt

The Group's operations are principally conducted through subsidiaries of the Issuer. Accordingly, the Issuer is and will be dependent on its subsidiaries' operations to service the Issuer's payments obligations in respect of the Notes. The Notes will be structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of the Issuer's subsidiaries, and to all secured creditors of the Issuer and its subsidiaries. In the event of an insolvency, bankruptcy, liquidation, reorganisation, dissolution or winding up of the business of any subsidiary of the Issuer, creditors of such subsidiary generally will have the right to be paid in full before any distribution is made to the Issuer.

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of any Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will 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 Notes when its cost of borrowing is lower than the interest rate on 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.

Redemption Prior to Maturity for Tax Reasons

If the Issuer would be obliged to increase the amounts payable in respect of the Notes due to any change in or amendment to the laws or regulations of the United Kingdom or any political subdivision thereof or of any authority therein or thereof having the power to tax or in the application or official interpretation thereof and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may be entitled to redeem all outstanding Notes in accordance with the Conditions. It may not be possible for an investor to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and this may only be possible at a significantly lower rate.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

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

Certificate of Material Prejudice for Event of Default

Condition 9 contains the Events of Default. For an event to constitute an Event of Default, in a number of cases, the Trustee must first certify in writing to the Issuer that such event is in its opinion materially prejudicial to the interests of the Noteholders. It may be difficult for the Trustee to determine that such is the case and the Trustee may seek outside professional advice before exercising its discretion in such circumstances. This may delay any action being taken and it may be that although a Potential Event of Default (as defined in the Trust Deed) has occurred, the Trustee would be unable to so certify meaning no Event of Default would arise and, consequently, no remedy pursuant to Condition 9(a) may be sought.

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. 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.

The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of any successor in business to the Issuer or of a Subsidiary either of the Issuer or any successor in business to the Issuer as principal debtor under any Notes in place of the Issuer or any successor in business to the Issuer, in the circumstances described in Conditions 14 and 15.

Withholding under the EU Savings Directive

Under Council Directive 2003/48/EC (**EU Savings Directive**) on the taxation of savings income in the form of interest payments, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during such period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

In April 2013, the Luxembourg government announced its intention to end its transitional period and move to automatic exchange of information under the EU Savings Directive with effect from 1 January 2015.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

U.S. Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “foreign financial institution”, or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of the Issuer (a **Recalcitrant Holder**). Although it is not expected that the Issuer will be classified as an FFI, the discussion below will be relevant for Noteholders.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the **grandfathering date**, which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes (unless it has agreed to do so under the U.S. “qualified intermediary,” “withholding foreign partnership,” or “withholding foreign trust” regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the **US-UK IGA**) based largely on the Model 1 IGA.

In circumstances where it is classified as an FFI, the Issuer would expect to be treated as a Reporting FI pursuant to the US-UK IGA and would not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary or common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the clearing systems (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

Regulatory Restrictions

Investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities. Investors should review and consider such restrictions prior to investing in the Notes.

New Global Notes

Notes issued in NGN form are intended to be held in a manner which will allow Eurosystem eligibility; however, prospective investors are advised that this does not automatically mean that Notes will be recognised as eligible collateral 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.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who (as a result of trading such amounts) holds an amount which is less than the minimum Specified Denomination in his 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 a Specified Denomination.

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

Inflation risk

The value of future payments of interest and principal may be reduced as a result of inflation as the real rate of interest on an investment in the Notes will be reduced at rising inflation rates and may be negative if the inflation rate rises above the nominal rate of interest on the Notes.

Temporary Global Note or Permanent Global Note will be held by or on behalf of Euroclear and Clearstream, Luxembourg

The Notes will be represented by a Temporary Global Note or a Permanent Global Note which will be held by or on behalf of Euroclear and Clearstream, Luxembourg. Consequently, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Each Temporary Global Note and Permanent Global Note will be deposited with Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Temporary Global Note or the Permanent Global Note (as the case may be), investors will not be able to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the interests in each Temporary Global Note and Permanent Global Note. While Notes are represented by a Temporary Global Note or a Permanent Global Note, investors will be able to trade their interests only through Euroclear or Clearstream, Luxembourg.

While Notes are represented by a Temporary Global Note or a Permanent Global Note, the Issuer will discharge its payment obligations under the Notes by making payments to the Common Depositary or Common Safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their accountholders. A holder of an interest in a Temporary Global Note or a Permanent Global Note (as the case may be) must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating, or payments made in respect of, interests in a Temporary Global Note or a Permanent Global Note.

Holders of interests in a Temporary Global Note or a Permanent Global Note will not have a direct right to vote in respect of the relevant Series of Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg.

Changes in law may adversely affect returns to holders of the Notes

The Conditions are based on English law and administrative practice in effect as at the date of this Base Prospectus. 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 this Base Prospectus. Any change in the Issuer's tax status (or that of other members of the Group) or taxation legislation or practice could affect the Issuer's ability to provide returns to the Noteholders or alter post tax returns to the Noteholders. Commentaries in this Base Prospectus concerning the taxation of investors in the Notes are based on current United Kingdom tax law and practice which is subject to change, possibly with retrospective effect. The taxation of an investment in the Issuer depends on the individual circumstances of investors.

Risks related to the market generally

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

The secondary market generally

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. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Base Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary re-sales even if there is no decline in the

performance of the assets of the Issuer. The Issuer cannot predict which of these circumstances will change and whether (if and when they do change) there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. 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 the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 the Specified Currency 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 Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Investors will not be able to calculate in advance their rate of return on Floating Rate Notes

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of any Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Zero Coupon Notes are subject to higher price fluctuations than non-discounted bonds

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of Notes bearing fixed or floating rate interest because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Notes can suffer higher price losses than other Notes having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk.

Credit ratings may not reflect all risks

Fitch may assign credit ratings to the Notes. The ratings 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.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established

in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. The ratings given by Fitch will be disclosed in the Final Terms and certain information with respect to Fitch and its ratings is set out on the cover of this Base Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the Financial Conduct Authority shall be incorporated in, and form part of, this Base Prospectus:

- (a) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 March 2012 which appear on pages 100 to 147 of the annual report for the year ended 31 March 2012 (the **2012 Annual Report**); and
- (b) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 March 2013 which appear on pages 111 to 170 of the annual report for the year ended 31 March 2013 (the **2013 Annual Report**).

The above-mentioned documents may be inspected as described in “*General Information*”. For the avoidance of doubt, any documents or information incorporated by reference in the documents listed above shall not form part of this Base Prospectus. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus. Where reference is made to a website in this Base Prospectus, the contents of that website shall not form part of this Base Prospectus.

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus are available for viewing on the website of the Issuer (www.britishland.com) and can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London.

SUPPLEMENTAL BASE PROSPECTUS

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant competent authority, stock exchange and/or quotation system (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The provisions of Part A of the applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to the “Form of Final Terms” for a description of the content of Final Terms which will specify which of such terms and conditions are to apply to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by The British Land Company PLC (the **Issuer**) constituted by an amended and restated Trust Deed dated 29 July 2013 (as further amended, restated, modified and/or supplemented from time to time, the **Trust Deed**) made between the Issuer and Capita Trust Company Limited (the **Trustee**, which expression shall include all persons for the time being trustee or trustees under the Trust Deed and any successor as Trustee) as trustee for the Noteholders (as defined below).

These terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes, Coupons and Talons referred to below.

References herein to the **Notes** shall be references to the Notes of this Series only and not to all Notes that may be issued under the Programme and shall mean:

- (i) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

Reference herein to **NGN** shall mean a Temporary Global Note or a Permanent Global Note in either case where the applicable Final Terms specify the Notes as being in NGN form.

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement dated 29 July 2013 (as further amended, restated, modified and/or supplemented from time to time, the **Agency Agreement**) and made between the Issuer, the Trustee and The Bank of New York Mellon as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any additional or successor issuing and principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest-bearing definitive Notes have interest coupons (the **Coupons**) and, in the case of Notes which (when issued in definitive form) have more than 27 interest payments remaining, talons for further Coupons (the **Talons**) attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons attached on issue. Global Notes do not have Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the

Conditions). References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) to the extent implemented in the relevant Member State of the European Economic Area and includes any relevant implementing measure in the relevant Member State and the expression **2010 Amending Directive** means Directive 2010/73/EU.

The Trustee acts for the benefit of the holders for the time being of the Notes (the **Noteholders**, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection free of charge during normal business hours at the specified office for the time being of each of the Paying Agents. Copies of the applicable Final Terms may be obtained from, the registered office of the Issuer at York House, 45 Seymour Street, London W1H 7LX, United Kingdom. If the Notes are to be admitted to trading on the regulated market of the London Stock Exchange, the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service.

The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of any inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In these Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Trustee and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes and shall incur no liability for so doing but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Trustee and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. In determining whether a particular person is the holder of a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. STATUS OF THE NOTES

The Notes (and any Coupons relating thereto) constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. COVENANTS

The Issuer shall procure that so long as any of the Notes remains outstanding (as defined in the Trust Deed),

- (a) Net Borrowings shall not at any time exceed 175 per cent. of Adjusted Capital and Reserves; and
- (b) Net Unsecured Borrowings shall not at any time exceed 70 per cent. of Unencumbered Assets.

For the purpose of this Condition 3:

Accounts Date means the date of the Latest Consolidated Accounts.

Adjusted Capital and Reserves means, at any time, the amount of the issued and paid up share capital of the Issuer (for which purpose an issue or proposed issue of share capital for cash which has been unconditionally underwritten shall be deemed paid up to the extent that the underwriters are liable therefor but only if such capital will be paid up within six months from the date when such underwriting liability becomes unconditional) and the aggregate amount standing to the credit of the consolidated capital and revenue reserves of the Issuer and its Subsidiaries (including any share premium account, capital redemption reserve, revaluation reserve, other reserves and the credit or debit balance on the profit and loss account) all as shown in the Latest Consolidated Accounts but:

- (i) adjusted as may be appropriate to take account of:
 - (A) any increase in or reduction of such share capital and such reserves (other than in respect of any unaudited profit or loss attributable to the ordinary course of trading) since the Accounts Date,
 - (B) the external valuation surplus arising in respect of any Assets stated in the Latest Consolidated Accounts,
 - (C) any increase in or reduction of such reserves arising as a result of a Revaluation,
 - (D) any distributions in cash or specie made (otherwise than to the Issuer, or any Subsidiary of the Issuer and attributable, directly or indirectly, to the Issuer) from such reserves or profit and loss account since the Accounts Date and not provided for therein,
 - (E) any Subsidiary of the Issuer not consolidated in the Latest Consolidated Accounts or any companies which since the Accounts Date have become or have ceased to be Subsidiaries of the Issuer, and
 - (F) any other variation in the Issuer's interests in Subsidiaries of the Issuer since the Accounts Date;
- (ii) after excluding any sums set aside for taxation (whether in respect of deferred tax or otherwise);
- (iii) after deducting all amounts (if any) attributable to goodwill or any other intangible assets unless such amounts were included in the Latest Consolidated Accounts (or, in the case of any company which has become a Subsidiary of the Issuer since the Accounts Date, in the most recent audited accounts of such company);
- (iv) after excluding any amount attributable to outside interests in Subsidiaries;
- (v) after making such other adjustments (if any) as the auditors for the time being of the Issuer may consider appropriate; and
- (vi) after excluding any increase or decrease in the amount of any reserve made (save in relation to any equity instrument) as a result of any requirement that any gain or loss arising from a change in the fair value of a financial asset or of a financial liability be recorded in reserves, whether by inclusion in the profit and loss account or otherwise. (For the purpose of this provision the terms "financial asset" and "financial liability" shall not include property assets or property liabilities).

Assets means, at any time, all

- (i) investment, development and trading properties;
- (ii) investments in joint ventures (provided that no joint venture investment shall be included in the calculation at a figure of less than zero);
- (iii) other investments; and
- (iv) such other assets (if any) the inclusion of which the auditors for the time being of the Issuer may from time to time consider appropriate,

and **Asset** means any one of them.

Borrowings means, at any time

- (i) the principal amount of all moneys borrowed (with or without security) by any member of the Group;
- (ii) the nominal amount of the issued share capital (other than equity share capital which, as regards capital, has rights no more favourable than those attached to its ordinary share capital) of any Subsidiary of the Issuer which is not beneficially owned by the Issuer or another, wholly owned, Subsidiary of the Issuer;
- (iii) the maximum amount for the time being outstanding for which any member of the Group has given security or is liable as guarantor or indemnifier or in any other like capacity in respect of:
 - (A) obligations for redemption of any share capital of any body corporate (other than share capital which is beneficially owned by any member of the Group); or
 - (B) the principal amount of borrowings, loan capital or other indebtedness of any person other than a member of the Group or, to the extent that it would not otherwise constitute Borrowings, any member of the Group;
- (iv) the principal amount raised by any member of the Group by acceptances (not being acceptances in relation to the purchase of goods or services in the ordinary course of trading which have been outstanding for 180 days or less) or under any acceptance credit opened on its behalf by a bank or accepting house;
- (v) the principal amount of any debenture (as defined by section 738 of the Companies Act 2006) of any member of the Group, provided however that in the case of a debenture where (ignoring any amounts payable by way of interest) the issue price is less than the amount payable on final redemption, (i) the principal amount shall be the accreted value; and (ii) the accreted value shall not be lower than the issue price nor higher than the amount payable on final redemption;
- (vi) the principal amount outstanding by any member of the Group under a finance lease. For the avoidance of doubt, rents payable in respect of leaseholds of immovable property entered into in the ordinary course of business shall not be deemed to be finance leases for these purposes; and

- (vii) principal amounts outstanding which do not otherwise fall to be treated as Borrowings of any member of the Group under any other paragraph of this definition if they are treated as borrowings in the Latest Consolidated Accounts;

but shall not include:

- (a) any amount included in a balance sheet of a member of the Group or in a consolidated balance sheet of the Group (save in relation to any equity instrument) as a result of any requirement that financial assets or financial liabilities be carried on such balance sheet at fair value. (For the purpose of this provision the terms “financial asset” and “financial liability” shall not include property assets or property liabilities);
- (b) amounts which would otherwise be Borrowings which are intended to be applied within six months of being borrowed or raised in the repayment of Borrowings then outstanding pending their application for such purpose or the expiration of such period whichever shall be the earlier;
- (c) a proportion of the Borrowings of any partly-owned Subsidiary of the Issuer (but only to the extent that an amount equivalent to such proportion exceeds Borrowings (if any) from such partly-owned Subsidiary of the Issuer by another member of the Group) such proportion being that which the issued ordinary share capital of such partly-owned Subsidiary of the Issuer which is not for the time being beneficially owned directly or indirectly by the Issuer bears to the whole of the issued ordinary share capital of such partly-owned Subsidiary of the Issuer; or
- (d) any amount which would otherwise be a Borrowing but which is owed by one member of the Group to another member of the Group;

and so that:

- (x) any company which it is proposed shall become or cease to be a Subsidiary of the Issuer contemporaneously with any relevant transaction shall be treated as if it had already become or ceased to be a Subsidiary of the Issuer; and
- (y) for the avoidance of doubt, amounts prospectively payable for the hire or lease of movable or immovable property (other than under a finance lease as described in paragraph (vi) above) shall not be deemed to be Borrowings notwithstanding that a capital amount in respect of such amounts may be included as a liability in the Latest Consolidated Accounts.

Group means the Issuer and its Subsidiaries from time to time.

Latest Consolidated Accounts means, at any date, the then latest consolidated financial statements of the Group (including the notes thereto) which have been audited and/or reported on by the auditors for the time being of the Issuer and published and distributed to the shareholders generally of the Issuer as the accounts of the Group.

Net Borrowings means, at any time, Borrowings less cash and deposits beneficially owned by any member of the Group.

Net Unsecured Borrowings means, at any time, Borrowings less

- (i) cash and deposits beneficially owned by any member of the Group which are not subject to a Security Interest;

- (ii) Secured Borrowings; and
- (iii) Non-Recourse Borrowings.

Non-Recourse Borrowings means, at any time, Borrowings (as identified in the Latest Consolidated Accounts or which, having arisen since the Accounts Date, the Issuer intends will be identified in the next consolidated accounts) made by a ring fenced special purpose company such that the lender has recourse for repayment of those Borrowings only to that company or its assets and (if applicable) to other Non-Recourse Companies or their assets.

Non-Recourse Company means a member of the Group whose Borrowings are Non-Recourse Borrowings, or to whom or against whose assets the lender of Non-Recourse Borrowings has recourse for their repayment.

Revaluation means a valuation of all or any Assets carried out by external valuers on an open market basis.

Secured Borrowings means, at any time, Borrowings the discharge of which is secured by a Security Interest.

Security Interest means a mortgage, pledge, charge, assignment, hypothecation or other agreement conferring security.

Subsidiary means (i) a subsidiary as defined in section 1159 of the Companies Act 2006; and (ii) a subsidiary undertaking as defined in section 1162 of the Companies Act 2006.

Unencumbered Assets means the aggregate Value of the Assets of the Group at the relevant date, as adjusted by deducting the Value of:

- (i) investments in joint ventures at such time included within Assets (save that a loan by a member of the Group to a joint venture which is made on commercial terms and fully secured by a first priority Security Interest but which is designated in the Latest Consolidated Accounts as an investment as required by accounting principles shall not be so deducted); and
- (ii) Assets over which a Security Interest has been granted and any other Assets to which a lender of Non-Recourse Borrowings has recourse for their repayment (each as identified in the Latest Consolidated Accounts or which, having arisen since the Accounts Date, the Issuer intends will be identified in the next consolidated accounts).

Value means

- (i) the value attributed to any Asset in the Latest Consolidated Accounts including (without limitation) any external valuation surplus;
- (ii) in the case of an Asset acquired by a member of the Group since the Accounts Date, the acquisition cost of such Asset or, in the case of an Asset owned by a Subsidiary acquired since the Accounts Date, the fair value attributed to such Asset in the acquisition;
- (iii) in the case of an Asset the subject of a Revaluation since the Accounts Date, the open market value attributed to such Asset by the Revaluation.

The definitions set out in this Condition 3 shall be construed in a manner consistent with generally accepted accounting principles in the United Kingdom from time to time (**Current GAAP**), provided

always that the covenants set out in this Condition 3 shall be deemed to be satisfied if at any time the Issuer would be in compliance with their terms were the definitions to be construed in accordance with generally accepted accounting principles in the United Kingdom as at 31 March 2003, notwithstanding that it may be in breach were the definitions to be construed in accordance with Current GAAP.

In each of the calculations or adjustments made for the purpose of this Condition 3, no amount shall be taken into account more than once.

A certificate addressed to the Trustee by two directors of the Issuer as to the amount of the Net Borrowings, Adjusted Capital and Reserves, Net Unsecured Borrowings or Unencumbered Assets or as to compliance or otherwise by the Issuer with the covenants in this Condition 3 or as to any other defined term or figure required in connection with this Condition 3 (unless expressly stated otherwise) may, in the absence of manifest error, be relied upon by the Trustee and, if so relied upon, shall be conclusive and binding on the Issuer, the Noteholders and the Couponholders.

4. INTEREST

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) **Interest on Floating Rate Notes**

(i) ***Interest Payment Dates***

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur; or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B), the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred;
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day;
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland,

respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the TARGET2 System) is open.

(ii) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this Condition 4(b)(ii)(A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this Condition 4(b)(ii)(A), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(iii) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4(b)(ii) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4(b)(ii) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) **Determination of Rate of Interest and calculation of Interest Amounts**

The Principal Paying Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with

applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (I) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (II) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (III) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (IV) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (V) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (VI) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30; and

- (VII) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(v) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the relevant Interest Period, provided, however, that if there is no rate available for a period of time next shorter or (as the case may be) next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

For the purposes of this Condition 4(b)(v), **Designated Maturity** means, in relation to Screen Rate Determination, the period designated in the Reference Rate.

(vi) **Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and each competent authority, stock exchange and/or quotation system (if any) on which the relevant Floating Rate Notes are for the time being listed, traded and/or quoted and (in accordance with Condition 13) the Noteholders as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each competent authority, stock exchange and/or quotation system (if any) on which the relevant Floating Rate Notes are for the time being listed, traded and/or quoted and (in accordance with Condition 13) to the Noteholders. For the purposes of this Condition 4(b)(v), the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

(vii) **Determination or Calculation by the Trustee**

If for any reason at any relevant time the Principal Paying Agent defaults in its obligations to determine the Rate of Interest or the Principal Paying Agent defaults in

its obligation to calculate any Interest Amount in accordance with Condition 4(b)(ii)(A) or (B) (as the case may be) and in each case in accordance with Condition 4(b)(iv), the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 4(b), but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent. The Issuer shall pay all reasonable expenses of the Trustee incurred in connection with any determination or calculation made pursuant to this Condition 4(b)(vii).

(viii) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b) and, whether by the Principal Paying Agent or the Trustee, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) **Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of: (i) the date on which all amounts due in respect of such Note have been paid, and (ii) as provided in the Trust Deed.

5. PAYMENTS

(a) **Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 7; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471

through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

(b) **Presentation of definitive Notes and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5(a) only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum 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 relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) **Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, as

applicable, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream Luxembourg, as applicable.

(d) **General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 5, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) **Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) (in the case of Notes held in definitive form only) the relevant place of presentation; and
 - (B) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are

open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(f) Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Issuer Call Optional Redemption Amount (if any) of the Notes;
- (v) the Investor Put Optional Redemption Amount (if any) of the Notes;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(e)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6. REDEMPTION AND PURCHASE

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount in the relevant Specified Currency on the Maturity Date, each as specified in the applicable Final Terms.

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Trustee, the Principal Paying Agent and (in accordance with Condition 13) the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee as soon as practicable before the giving of such notice that:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above in which event it shall be conclusive and binding on the Noteholders and Couponholders.

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in Condition 6(e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Trustee, the Principal Paying Agent and (in accordance with Condition 13) the Noteholders (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Issuer Call Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Upon expiry of such notice the Issuer shall be bound to redeem the Notes accordingly.

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot (in the case of Redeemed Notes represented by definitive Notes) and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion (in the case of Redeemed Notes represented by a Global Note) not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6(c) and notice to that effect

shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

Issuer Call Optional Redemption Amount means (i) the Par Redemption Amount; or (ii) the EIB Redemption Amount; or (iii) the Treasury Stock Redemption Amount, in each case as specified in the applicable Final Terms.

For the purposes of this Condition 6(c):

EIB Redemption Amount means an amount equal to the greater of (i) the principal amount of the Notes; and (ii) that price (expressed as a percentage) (as reported in writing to the Issuer and the Trustee by a financial adviser nominated by the Issuer and approved by the Trustee) (and rounded to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield (determined by reference to the middle-market price) on the Notes on the Relevant Date is equal to the Redemption Rate on the Relevant Date plus the Redemption Margin (as specified in the applicable Final Terms).

For these purposes, the **Gross Redemption Yield** on the Notes and on the Relevant EIB Bonds will be expressed as a percentage and will be calculated on the basis indicated by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" published 8 June 1998 with effect from 1 November 1998 and updated on 16 March 2005 (and as further updated, supplemented, amended or replaced from time to time) page 5 or any replacement therefore or on such other basis as the Trustee may approve.

Par Redemption Amount means an amount equal to the principal amount of the Notes.

Redemption Rate means the Relevant EIB Redemption Rate or, if the Relevant EIB Redemption Rate is not able to be determined, such other rate as may be approved by the Trustee.

Relevant Date means the date which is two Business Days prior to the publication or dispatch of the notice of redemption under this Condition 6(c).

Relevant EIB Bonds means such pounds sterling bonds of the European Investment Bank (or successor thereto) as the Trustee (with the advice of an investment bank as may be approved by the Trustee) and the Issuer may determine (failing such determination, as determined by the Trustee with such advice) to be a benchmark bond, the duration of which most closely matches the then duration of the Notes (taking into account any scheduled amortisation of the Notes), as calculated by or on behalf of the Trustee. The Issuer shall pay all reasonable expenses of the Trustee incurred in connection with any such calculation.

Relevant EIB Redemption Rate means the Gross Redemption Yield (determined by reference to the middle market price) of the Relevant EIB Bonds.

Relevant Treasury Stock means such government stock as the Trustee (with the advice of an investment bank as may be approved by the Trustee) and the Issuer may determine (failing such determination, as determined by the Trustee with such advice) to be a benchmark gilt, the duration of which most closely matches the then duration of the Notes (taking into account any scheduled amortisation of the Notes), as calculated by or on behalf of the Trustee. The Issuer shall pay all reasonable expenses of the Trustee incurred in connection with any such calculation.

Treasury Stock Redemption Amount means an amount equal to the greater of (i) the principal amount of the Notes; and (ii) that price (expressed as a percentage) (as reported in writing to the Issuer and the Trustee by a financial adviser nominated by the Issuer and approved by the Trustee) (and rounded to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield (determined by reference to the middle-market price) on the Notes on the Relevant Date is equal to the Gross Redemption Yield of the Relevant Treasury Stock on the Relevant Date plus the Redemption Margin (as specified in the applicable Final Terms).

For these purposes, the **Gross Redemption Yield** on the Notes and on the Relevant Treasury Stock will be expressed as a percentage and will be calculated on the basis indicated by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" published 8 June 1998 with effect from 1 November 1998 and updated on 16 March 2005 (and as further updated, supplemented, amended or replaced from time to time) page 5 or any replacement therefore or on such other basis as the Trustee may approve.

(d) **Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified in the applicable Final Terms, if whilst any of the Notes remains outstanding (as defined in the Trust Deed) there occurs a Restructuring Event and within the Restructuring Period (i) (if on the date (the **Relevant Announcement Date**) that is the earlier of (1) the date of the first public announcement of the relevant Restructuring Event and (2) the date of the earliest Relevant Potential Restructuring Event Announcement (if any) there are Rated Securities) a Rating Downgrade in respect of that Restructuring Event occurs; or (ii) (if on the Relevant Announcement Date there are no Rated Securities), a Negative Rating Event in respect of that Restructuring Event occurs (that Restructuring Event and, where applicable, Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Restructuring Period together called a **Put Event**), the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice under either Condition 6(b) or 6(c)) 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 the Investor Put Optional Redemption Amount specified in, or determined in the manner specified in the applicable Final Terms together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Put Date.

For the purposes of this Condition 6(d):

A **Negative Rating Event** shall be deemed to have occurred if (i) the Issuer does not, either prior to or not later than 21 days after the relevant Restructuring Event, seek, and thereupon use all reasonable endeavours to obtain, a rating of the Notes or any other unsecured and unsubordinated debt of the Issuer (or of any Subsidiary which is guaranteed on an unsecured and unsubordinated basis by the Issuer) having an initial maturity of five years or more (**Rateable Debt**) from a Rating Agency or (ii) the Issuer does so seek and use such endeavours, but it is unable, as a result of such Restructuring Event, to obtain such a rating of at least investment grade (BBB- by Fitch/BBB- by S&P/Baa3 by Moody's, or their respective equivalents for the time being), provided that a Negative Rating Event shall be deemed not to have occurred in respect of a particular Restructuring Event if the Rating Agency declining to assign a rating of at least investment grade does not publicly announce or publicly confirm or inform the Trustee in writing at its request that its declining to assign a rating of at least investment grade was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not

the Restructuring Event shall have occurred at the time such investment grade rating is declined) or the Relevant Potential Restructuring Event Announcement;

Rated Securities means the Notes so long as they shall have an effective rating solicited by the Issuer from any Rating Agency and otherwise any unsecured and unsubordinated debt of the Issuer (or of any Subsidiary which is guaranteed on an unsecured and unsubordinated basis by the Issuer) having an initial maturity of five years or more which is rated at the request of the Issuer by any of the Rating Agencies (other than any unsecured and unsubordinated debt of the Issuer or of any Subsidiary which is guaranteed by the Issuer which is rated on the basis of the credit of a party other than the Issuer or such Subsidiary);

Rating Agency means any of Fitch or Moody's or S&P and their respective successors or any other rating agency of equivalent international standing specified by the Issuer from time to time in writing to the Trustee;

A **Rating Downgrade** shall be deemed to have occurred in respect of a Restructuring Event if within the Restructuring Period the rating assigned to the Rated Securities by any Rating Agency immediately prior to the Restructuring Event is (i) withdrawn or (ii) changed from an investment grade rating (BBB- by Fitch/Baa3 by Moody's/BBB- by S&P (or their respective equivalents for the time being) or better) to a non-investment grade rating (BB+ by Fitch/Ba1 by Moody's/BB+ by S&P (or their respective equivalents for the time being) or worse) or (iii) (if the rating assigned to the Rated Securities by any Rating Agency shall be below an investment grade rating (as described above)) lowered one full rating category (for example, from BB+ to BB or such similar lower or equivalent rating), provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Restructuring Event if the Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event or the Relevant Potential Restructuring Event Announcement, provided that if on the Relevant Announcement Date the Rated Securities carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then any investment grade rating will apply to the exclusion of any non-investment grade rating, such that any change in a non-investment grade credit rating from another Rating Agency shall be disregarded for the purposes of this Condition 6(d).

Relevant Potential Restructuring Event Announcement means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Restructuring Event where within 180 days following the date of such announcement or statement, a Restructuring Event occurs;

A **Restructuring Event** shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Issuer) that any person or persons acting in concert (as defined in the City Code on Takeovers and Mergers), or any person or persons acting on behalf of any such person (s), at any time is/are or become(s) interested (within the meaning of Part 27 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer, in either case other than in circumstances which result in the Issuer being a wholly-owned subsidiary of a body corporate more than 50 per cent. of the share capital having the right ordinarily to vote on a poll at a general meeting of which is held by

persons who received such share capital pursuant to a scheme or offer in their capacity as shareholders of the Issuer;

Restructuring Period means the period commencing on the Relevant Announcement Date ending 180 days after the date of the Restructuring Event (or such longer period in which the Rated Securities or Rateable Debt, as the case may be, is or are under consideration (announced publicly within the first mentioned period) for rating review or, as the case may be, rating by a Rating Agency).

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding shall, subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction, give notice (a **Put Event Notice**) to the Noteholders (in accordance with Condition 13) specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 6(d).

To exercise the right to require redemption of this Note, the holder of this Note must deliver such Note (if such Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg) to the Paying Agent (or evidence satisfactory to the Paying Agent that such Note will, following delivery of the Put Notice (as defined below), be held to its order or under its control) at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the longer of (a) the period of 45 days after a Put Event Notice is given and (b) the period from the giving of the Put Event Notice to the end of the Restructuring Period (the longer such period being the **Put Period**), accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 6(d).

If the relevant Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note, the holder of such Note must, within the Put Period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper (as the case may be) for them to the Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Paying Agent for notation accordingly. Any Put Notice or other notice given pursuant to this Condition 6(d) shall be irrevocable except where prior to the due date of redemption the Notes shall have been declared due and repayable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice and instead to have his/her Note treated as if it had been declared due and repayable pursuant to Condition 9.

Any definitive Note (other than a Long Maturity Note) should be delivered together with all Coupons appertaining thereto maturing after the date (the **Put Date**) which is the seventh day after the last day of the Put Period failing which an amount will be deducted from the payment to be made by the Issuer on redemption of the Notes in accordance with the provisions of Condition 5.

If 90 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6(d), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days' after the Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

(e) **Early Redemption Amounts**

For the purpose of Condition 6(b) above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"RP" means the Reference Price;

"AY" means the Accrual Yield expressed as a decimal; and

"y" is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360); (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360); or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

(f) **Purchases**

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held,

reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(g) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6(f) (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(h) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6(a), 6(b), 6(c) or 6(d) or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6(e)(iii) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Trustee (as the case may be) and notice to that effect has been given to the Noteholders (in accordance with Condition 13).

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 5(e)); or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC on the taxation of savings

income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (iv) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (v) presented for payment by, or on behalf of, a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority.

As used herein:

Tax Jurisdiction means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax; and

the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Trustee (as the case may be) on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

8. PRESCRIPTION

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7), subject to the provisions of Condition 5(b).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

9. EVENTS OF DEFAULT

(a) Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but in the case of the happening of any of the events mentioned in Conditions 9(a)(ii), 9(a)(iii), 9(a)(iv), 9(a)(v) (other than the winding up or dissolution of the Issuer) or 9(a)(vi) below only if the Trustee has certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer that the Notes are, and they shall become, immediately due and repayable at their Early Redemption Amount, together with accrued interest as provided in the Trust Deed, if any of the following events (each an **Event of Default**) occurs:

- (i) the Issuer fails to pay within five Business Days of the due date any sum due from it under the Notes in the manner and currency in which it is expressed to be payable;
- (ii) the Issuer fails to observe or perform any of its other obligations under the Notes or the Trust Deed and, in the case of a failure capable of being remedied, that failure is not remedied within 30 days (or such longer period as the Trustee may permit) next

following the service by the Trustee on the Issuer of notice requiring the same to be remedied;

- (iii) any Indebtedness of the Issuer or any Principal Subsidiary:
 - (A) is not paid when due or within any applicable grace period granted in any agreement or instrument relating to that Indebtedness or, if the obligation to make payment of that Indebtedness is being challenged in good faith and by appropriate action in a manner consistent with legal advice, is not paid within three Business Days of the Issuer or Principal Subsidiary ceasing to challenge that such obligation is due; or
 - (B) becomes due and payable before its normal maturity by reason of a default or an event of default, however described;

provided that:

- (1) no such event as aforesaid shall constitute an Event of Default if the relevant Indebtedness is a Non-Recourse Borrowing;
 - (2) no such event as aforesaid shall constitute an Event of Default unless the amount of the Indebtedness in question (either alone or when aggregated with other Indebtedness in respect of which the circumstances specified in either (a) or (b) shall concurrently be subsisting) shall equal or exceed £20,000,000 (twenty million pounds sterling) or 0.5 per cent. of the Adjusted Capital and Reserves, whichever is higher; and
 - (3) for the purpose of determining whether the criterion set out in proviso (2) is satisfied, if the Indebtedness referred to in proviso (2) above (or any such) is not denominated in pounds sterling, the relevant Indebtedness shall be deemed to have been converted into pounds sterling on the date when such Indebtedness became due and payable in accordance with its terms (the **Due Date**) at the spot rate of exchange for the purchase in the London foreign exchange market of the appropriate amount of the currency in which the relevant Indebtedness is denominated with pounds sterling at or about 11:00 hours two Business Days before such Due Date;
- (iv) the Issuer or any Principal Subsidiary (not being a Non-Recourse Company) is deemed, pursuant to the provisions of Section 123(1)(e) or (2) of the Insolvency Act 1986, to be unable to pay its debts, commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors;
- (v) an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any Principal Subsidiary or a receiver, administrative receiver, trustee, administrator or similar officer is appointed in respect of the Issuer or any Principal Subsidiary or over all or any material part of the revenues or assets of the Issuer or any Principal Subsidiary save, in any such case as aforesaid:
 - (A) in circumstances and on terms which have first been approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders, such approval not to be unreasonably withheld or delayed; or

- (B) for the voluntary solvent winding-up of a Principal Subsidiary; or
 - (C) for any winding-up (previously notified in writing by the Issuer to the Trustee) of a Principal Subsidiary which does not have creditors who are not members of the Group, in circumstances where the relevant winding up will not have a material adverse effect on the business or financial condition of the Group, taken as a whole, or on the ability of the Issuer to comply with its obligations under the Notes; or
 - (D) when the event or events specified occur(s) in respect of a Non-Recourse Company,
- (vi) any execution or distress is levied against any asset of the Issuer or any Principal Subsidiary (not being a Non-Recourse Company) where such asset is a material asset of the Group and is not satisfied or discharged within 30 days or such longer period as the Trustee may permit or if the execution or distress is being challenged in good faith and by appropriate action in a manner consistent with legal advice, is not satisfied or discharged within 14 days of the Issuer or Principal Subsidiary ceasing to challenge such execution or distress.

(b) **Enforcement**

- (i) The Trustee may, in its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (A) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of not less than one-quarter in aggregate principal amount of the Notes then outstanding; and (B) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (ii) No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and the failure is continuing.

(c) **Definitions**

For the purposes of this Condition 9:

Indebtedness means any indebtedness of a party (the first party) for or in respect of:

- (a) moneys borrowed or raised by whatever means (including by means of acceptances, deposits and finance leases and any liability evidenced by bonds, debentures or similar instruments); or
- (b) the purchase price of assets or services on terms which are deferred for a period in excess of 180 days from receipt of such assets or services; or
- (c) interest rate and/or currency exchange agreements, interest rate caps, collars and floors, future rate agreements, option agreements and other hedging agreements (each a **Hedging Agreement**) after deducting therefrom the indebtedness of the counterparty under the Hedging Agreement to the first party (to the extent authorised

and required by the netting provisions set out in the relevant Hedging Agreement and the law by which such Hedging Agreement is governed),

Principal Subsidiary means at any time a Subsidiary (as defined in Condition 3):

- (a) the book value of whose tangible assets attributable to the Issuer (consolidated, in the case of a Subsidiary which itself has subsidiaries) represents (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest relevant audited consolidated accounts of the Issuer and the Subsidiaries relate, is equal to) not less than 5 per cent, of the book value of the tangible assets of the Issuer and the Subsidiaries taken as a whole attributable to the shareholders of the Issuer, all as calculated respectively by reference to the then latest audited accounts (consolidated or unconsolidated, as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and the Subsidiaries provided that:
 - (i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest relevant audited consolidated accounts relate, the reference to the then latest audited consolidated accounts 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 auditors for the time being of the Issuer (the **Auditors**); and
 - (ii) if, in the case of a Subsidiary which itself has subsidiaries, no consolidated accounts are prepared and audited, the book value of the tangible assets of such Subsidiary and its subsidiaries attributable to the Issuer shall be determined on the basis of pro forma consolidated accounts of the relevant Subsidiary and its subsidiaries prepared by the Issuer and (if requested by the Trustee) audited for this purpose by the Auditors or the auditors for the time being of the relevant Subsidiary; or
- (b) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this paragraph (b) on the date on which the consolidated accounts of the Issuer and the Subsidiaries 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 Principal Subsidiary on or at any time after such date by virtue of the provisions of paragraph (a) above or before, on or at any time after such date by virtue of the provisions of paragraph (c) below; or
- (c) to which is transferred assets or an undertaking which, taken together with the assets or undertaking of the transferee Subsidiary represent (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest relevant audited consolidated accounts of the Issuer and the Subsidiaries relate, are equal to) not less than 5 per cent, of the book value of the tangible assets of the Issuer and the Subsidiaries taken as a whole attributable to the shareholders of the Issuer, all as calculated as referred to in paragraph (a) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a

Principal Subsidiary unless immediately following such transfer the book value of the tangible assets of such transferor Subsidiary attributable to the Issuer represents (or, in the case aforesaid, is equal to) not less than 5 per cent, of the book value of the tangible assets of the Issuer and the Subsidiaries taken as a whole attributable to the shareholders of the Issuer, all as calculated as referred to in paragraph (a) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this paragraph (c) on the date on which the consolidated accounts of the Issuer and the Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after such date by virtue of the provisions of paragraph (a) above or before, on or at any time after such date by virtue of the provisions of paragraph (b) above.

For the purposes of this definition if there shall at any time not be any relevant audited consolidated accounts of the Issuer and the Subsidiaries, references thereto herein shall be deemed to refer to a consolidation by the Auditors of the relevant unconsolidated audited accounts of the Issuer and the Subsidiaries.

A certificate signed by two Directors of the Issuer 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 Principal Subsidiary shall, in the absence of a manifest error, be conclusive and binding on the Issuer, the Trustee, the Noteholders and the Couponholders.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled (with the prior written approval of the Trustee) to vary or terminate the **appointment** of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) there will at all times be a Principal Paying Agent;
- (ii) so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in a particular place, the Issuer shall maintain a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant competent authority, stock exchange and/or quotation system; and
- (iii) there will at all times be a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in the certain limited circumstances specified in the Agency Agreement and the Trust Deed, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London or such other English language daily newspaper with general circulation in Europe as the Trustee may approve. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed or admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 13.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system and the rules and regulations of the relevant competent authority, stock exchange and/or quotation system so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that competent authority, stock exchange and/or quotation system. Any such notice shall be deemed to have been given to the holders of the Notes on the second Business Day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg,

as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons, these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented. The Trust Deed does not contain any provisions requiring higher quorums in any circumstances. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Trust Deed provides that a resolution, with or without notice, in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution duly passed at a meeting of the Noteholders. 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.

The Trust Deed contains provisions for convening a single meeting of holders of Notes of more than one Series in certain circumstances where the Trustee so decides.

The Trustee may agree with the Issuer, without the consent of the Noteholders or Couponholders, to:

- (a) any modification of the Notes, the Coupons, these Conditions or the Trust Deed which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders; or
- (b) any modification of these Conditions, the Notes, the Coupons or the Trust Deed which is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or an error which, in the opinion of the Trustee, is proven or to comply with mandatory provisions of the law.

The Trustee may also agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Notes or the Trust Deed or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, where in any such case it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and shall, unless the Trustee agrees otherwise, be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interest of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard

to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except, in the case of the Issuer, to the extent provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

15. SUBSTITUTION

The Trustee may agree, without the consent of the Noteholders or Couponholders, to the substitution of any successor in business to the Issuer or of a Subsidiary either of the Issuer or any successor in business to the Issuer in place of the Issuer (or of any previous substitute under this Condition) as principal debtor under the Trust Deed, the Notes and the Coupons, subject to (a) in the case of a Subsidiary either of the Issuer or of any successor in business to the Issuer, the obligations of such Subsidiary in respect of the Trust Deed, the Notes and the Coupons being unconditionally and irrevocably guaranteed by the Issuer or such successor in business in a form satisfactory to the Trustee; (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and (c) certain other conditions set out in the Trust Deed being complied with. Any such substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any such substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

16. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders (and in accordance with the Trust Deed) to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the Issue Date, the amount and date of the first payment of interest thereon and/or the Issue Price and so that the same shall be consolidated and form a single Series with the outstanding Notes. The Issuer may (from time to time), with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

18. ROUNDING

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the applicable Final Terms), (a) all percentages resulting from such calculations

will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.); (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount; and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. GOVERNING LAW

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

FORM OF THE NOTES

Initial Issue

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**, together with a Temporary Global Note, the **Global Notes** and each a **Global Note**) which, in either case, will:

- (i) where such Global Note is intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**); and
- (ii) where such Global Note is not intended to be issued in NGN form, as stated in the applicable final terms, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Upon deposit of the Temporary Global Note(s) with the Common Depository or the Common Safekeeper, as the case may be, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed. Where the Global Notes issued in respect of any Tranche are in NGN form, Euroclear and Clearstream, Luxembourg will be notified as to whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held and depositing the Global Notes with the Common Safekeeper does not necessarily mean that the relevant 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.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a Note represented by a Global Note must look solely to Euroclear and/or Clearstream, Luxembourg for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of Euroclear and/or Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

Exchange

Temporary Global Notes

Each Temporary Global Note will be exchangeable (free of charge to the holder) on or after the Exchange Date, either in whole or in part, upon certification as to non-U.S. beneficial ownership (in a form to be provided) for interests in a Permanent Global Note or, if so provided in the applicable Final Terms, for definitive Notes with, where applicable, interest coupons and talons attached.

In relation to any issue of Notes which are represented on issue by a Temporary Global Note exchangeable for Definitive Notes, such Notes shall be issued with a single Specified Denomination only. In no circumstances shall they be issued with a Specified Denomination plus one or more higher integral multiples of another smaller amount.

Permanent Global Notes

Each Permanent Global Note will be exchangeable (free of charge to the holder) on or after the Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes” below, in part for definitive Notes with, where applicable, interest coupons and talons attached, only:

- (i) upon the occurrence of an Event of Default;
- (ii) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no successor clearing system is available; or
- (iii) if the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two Directors is given to the Trustee.

The Issuer will promptly give notice to the Noteholders in accordance with Condition 13 if any of the events in (i), (ii) or (iii) above occurs. In the event of the occurrence of any of the events in (i), (ii) or (iii) above, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange; or

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, the Permanent Global Note will be exchangeable (free of charge to the holder) on or after the Exchange Date in part on one or more occasions for definitive Bearer Notes with, where applicable, interest coupons and talons attached if so provided in, and in accordance with, the Conditions (which will be set out in the applicable Final Terms).

Exchange Date means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days after that on which notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the city in which the relevant clearing system is located.

Legend

The following legend will appear on all Permanent Global Notes and definitive Notes which have an original maturity of more than 365 days and on all interest coupons relating to such Notes:

“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.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Transfers

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

FORM OF FINAL TERMS

[Date]

THE BRITISH LAND COMPANY PLC

Issue of [Currency] [Aggregate Nominal Amount of Tranche] [Title of Notes] due []

under the £1,000,000,000

Euro Medium Term Note Programme

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 29 July 2013 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and copies may be obtained from the registered office of the Issuer at York House, 45 Seymour Street, London W1H 7LX, United Kingdom and the specified office of the Principal Paying Agent at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom.

1. Issuer: The British Land Company PLC
2.
 - (i) Series Number: [•]
 - (ii) Tranche Number: [•]
 - (iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single series with [•] on the [Issue Date]/[exchange of the Temporary Global Note for interest in the Permanent Global Note as referred to in paragraph 23 below, which is expected to occur on [•]]/[Not Applicable]
3. Specified Currency or Currencies: [•]
4. Aggregate Nominal Amount:
 - (i) Series: [•]
 - (ii) Tranche: [•]

5. Issue Price: [•] per cent. of the Aggregate Nominal Amount
[plus accrued interest from [•]]
- 6 (i) Specified Denomination(s): [•] [and integral multiples of [•] in excess thereof
up to and including [•]. No Notes in definitive form
will be issued with a denomination above [•]]
- (ii) Calculation Amount: [•]
7. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [•]/[Issue Date]/[Not Applicable]
8. Maturity Date: [•]/[Interest Payment Date falling in or nearest to
[•]]
9. Interest Basis: [[•] per cent. Fixed Rate]

[[LIBOR/EURIBOR] +/- [•] per cent. Floating
Rate]

[Zero Coupon]

(see paragraph [14]/[15]/[16]below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early
redemption, the Notes will be redeemed on the
Maturity Date at [[•] per cent. of their nominal
amount]/[par]
11. Change of Interest Basis or Redemption/ Payment Basis: [•]/[Not Applicable]
12. Put/Call Options: [Investor Put]

[Issuer Call]

[(see paragraph [18]/[19]/[20] below)]
13. (i) Status of the Notes: Senior
- (ii) [Date [Board] approval for [•]
issuance of Notes obtained:

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable]/[Not Applicable]

- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually]/[semi-annually]/[quarterly] in arrear]
 - (ii) Interest Payment Date(s): [•]/[•] and [•]/[•],[•],[•] and [•] in each year up to and including the Maturity Date
 - (iii) Fixed Coupon Amount(s): [•] per Calculation Amount
 - (iv) Broken Amount(s): [[•] per Calculation Amount, payable on the Interest Payment Date falling [on]/[in] [•]]/[Not Applicable]
 - (v) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]/[•]
 - (vi) [Determination Date(s): [[•] in each year]/[Not Applicable]
15. Floating Rate Note Provisions [Applicable]/[Not Applicable]
- (i) Specified Period(s)/Specified Interest Payment Dates: [•]
 - (ii) Business Day Convention: [Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]
 - (iii) Additional Business Centre(s): [•]
 - (iv) Manner in which the Rate of Interest and Interest Amount is to be determined; [Screen Rate Determination]/[ISDA Determination]
 - (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [•]
 - (vi) Screen Rate Determination:
 - Reference Rate: [•]-month [•] [LIBOR]/[EURIBOR]
 - Relevant Financial Centre: [London]/[Brussels]

- Interest Determination Date(s): [Second London business day prior to the start of each Interest Period]/[First day of each Interest Period]/[Second day on which the TARGET2 System is open prior to the start of each Interest Period]
- Relevant Screen Page: [•]
- (vii) ISDA Determination:
 - Floating Option: Rate [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (viii) Linear Interpolation: [Not Applicable]/[Applicable. The Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation].
- (ix) Margin(s): [+/-][•] per cent. per annum
- (x) Minimum Rate of Interest: [•] per cent. per annum
- (xi) Maximum Rate of Interest: [•] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ISDA)]/[Actual/Actual]/[Actual/365 (Fixed)]/[Actual/365 (Sterling)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[•]
- 16. Zero Coupon Note Provisions [Applicable]/[Not Applicable]
 - (i) Accrual Yield: [•] per cent. per annum
 - (ii) Reference Price: [•]
 - (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]/[Actual/360]/[Actual/365]

PROVISIONS RELATING TO REDEMPTION

- 17. Notice periods for Condition 6(b):
 - Minimum period: [30] calendar days
 - Maximum period: [60] calendar days
- 18. Issuer Call: [Applicable]/[Not Applicable]

- (i) Optional Redemption Date(s): [•]
- (ii) Issuer Call Optional Redemption Amount: [Par Redemption Amount]/[EIB Redemption Amount]/[Treasury Stock Redemption Amount]
- (iii) Redemption Margin: [[+/-][•] per cent. per annum]/[Not Applicable]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•] per Calculation Amount
- (b) Maximum Redemption Amount: [•] per Calculation Amount
- (v) Notice period: Minimum period: [15] calendar days
Maximum period: [30] calendar days
19. Investor Put: [Applicable]/[Not Applicable]
- Investor Put Optional Redemption Amount: [•] per Calculation Amount
20. Final Redemption Amount: [•] per Calculation Amount
21. Early Redemption Amount per Calculation Amount payable on redemption for taxation reasons or on event of default: [As per Condition 6(e)]/[•] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for definitive Notes in the limited circumstances specified in the Permanent Global Note]
23. New Global Note: [Yes]/[No]

24. Additional Financial Centre(s): [Not Applicable]/[•]
25. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if (on exchange of the Notes into definitive form) more than 27 coupon payments are still to be made]/[No]

THIRD PARTY INFORMATION

[[•] has been extracted from [•].The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:.....

Duly authorised

PART B - OTHER INFORMATION

1 LISTING

- (i) Listing: London
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange's regulated market] with effect from [•]
- (ii) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

- Ratings: The Notes to be issued [[have been]/[are expected to be] [have not been rated] [rated [•]] by [Fitch Ratings Limited].

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Manager[s]/Dealer[s], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. [The Manager[s]/Dealer[s] and [its]/[their] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

4. YIELD (Fixed Rate Notes only)

- Indication of yield: [•]

5. OPERATIONAL INFORMATION

- (i) ISIN: [•]
- (ii) Common Code: [•]
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg (together with the address of each such clearing system) and the relevant identification number(s): [Not Applicable]/[•]
- (iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): [•]

(vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes]/[No]

6. **DISTRIBUTION**

U.S. Selling Restriction: [Reg S Compliance Category 2; TEFRA
[C]/[D]/[not applicable]]

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

DESCRIPTION OF THE ISSUER

The legal and commercial name of the Issuer is The British Land Company PLC. The Issuer was registered and incorporated in England and Wales on 26 February 1959 under registration number 621920 and operates under the Companies Act 2006 as a public limited company. The Issuer's registered office is located at York House, 45 Seymour Street, London W1H 7LX and the telephone number is +44 (0)207 486 4466.

The Issuer is the parent company of the Group. As the parent company of the Group, the Issuer is in part dependent on receiving dividends and revenues from its subsidiaries.

Activities of the Group

The Issuer is a major UK REIT based in London and listed on the London Stock Exchange. The Group's key business areas include office and retail property investment, third-party capital fund management and property development.

The Group invests in high quality prime, modern properties in sectors with the potential for long-term growth, principally UK retail and central London offices. As at 31 March 2013, the Issuer's total properties owned or under management were valued at £16.4 billion,¹ of which its share was £10.5 billion and includes directly held properties, properties held through investment funds and properties held through joint ventures, which allow the Issuer access to a greater range of assets whilst mitigating its risks.

The Group's portfolio focuses primarily on prime retail (60 per cent., of which 80 per cent. is out of town) and Central London offices (35 per cent.) which attract high quality occupiers committed to long leases. The rest of the portfolio primarily comprises investments such as residential and leisure properties which leverage the Issuer's property and financial expertise to enhance returns. 98 per cent. of the Group's assets are located in the UK with the balance in Continental Europe (all figures are as at 31 March 2013). The Group focuses on areas of competitive advantage. There is a bias towards high quality enduring buildings and long lease profiles complemented by an efficient capital structure.

The Issuer became a REIT in the UK on 1 January 2007, broadly allowing the Issuer and certain of its subsidiaries exemption from UK corporation tax on income from its property rental business and gains arising on disposal of investment properties that were used for the purposes of its property rental business and significantly increased flexibility for asset management. The Issuer is listed on the London Stock Exchange.

To the knowledge of the Issuer, it is not directly or indirectly controlled by any single shareholding group.

Objectives and Strategy

The Group's primary objective is to deliver superior total shareholder returns from its chosen real estate activities and their financing by achieving consistent outperformance over time. Progress against this objective is measured in two key ways. First, relative to total property returns as measured by IPD, the most commonly used property benchmarking service in the UK. Second, on an absolute basis, looking at the total returns generated on the capital invested by shareholders in terms of the income paid out as dividends and the increase in net asset value – the accounting return.

¹ Unless otherwise stated, throughout this Base Prospectus, financial and portfolio data include the Issuer's share of funds and joint ventures.

The Group's strategy is based on six key priorities:

Creating sustainable and growing property income

The Group's core business consists of high-quality assets capable of generating secure and growing income streams. Its long-term investment strategy is focused on those sectors of the property market where it expects demand from occupiers will be the strongest over the medium to longer term: well-located prime retail in the UK and Central London offices. Assets in these sectors will provide the core rental cash flows enabling the Issuer to meet its interest costs and fund the business and its growth through competitively priced equity and debt finance.

Investing in assets which protect and grow the capital value over the medium to long term

As well as investing in strong rental income streams, the Group seeks to ensure it both protects and grows the value of the underlying assets. The Group needs to renew and upgrade its portfolio continually to retain its quality, the security of its income and its attraction to investors. Its portfolio is focused on well-located retail units where consumers and retailers increasingly want to be. The Group's office buildings are modern work environments that provide the quality and flexibility occupiers want and which meet their increasing technology and sustainability needs.

Creating incremental value through developing, repositioning assets and exploiting market anomalies

Where the Group sees the right opportunity, it will invest a proportion of its capital in assets with the objective of creating incremental value. The Group seeks to implement its strategy through new development in areas with high demand for quality properties to create more value. A recent example is the office market in Central London where a shortage of high-quality space coupled with a lack of development debt finance is expected to underpin strong development returns.

Controlling costs to maximize profit generation

Controlling its operating costs to maximise the amount of profit generated will continue to be a key focus of the Group's business. Based on the percentage of net operating costs relative to gross property rental income, the Issuer is one of the most efficient listed property companies in the UK. The Group is able to keep operating costs low through a combination of having a small and efficient Head Office, an efficient out-sourcing model, maintaining high levels of occupancy across its portfolio and owning efficient modern properties in sectors with low overall maintenance and landlord costs.

Exploiting the Group's scale and financial strength

The Group's scale, knowledge and expertise in UK property make it a natural partner of choice for major investors. It has an established track record of working with major institutions with complementary expertise and interests to its own, including Blackstone Group, Norges Bank Investment Management, Oxford Properties (global property investor), Sainsbury's and Tesco (the two leading food retailers in the country) and Universities Superannuation Scheme.

The scale and security of the Group's rental income streams enables it to finance its business on competitive terms and maintain substantial credit facilities to support current and future investment needs.

The Group engages in financial management, partnerships and investment transactions to complement its property-based strategies and capture and translate property returns most efficiently for its shareholders.

Creating a great place to work

The Issuer aims to attract and retain the best people, whose efforts, skill and judgment can be leveraged across the Group's portfolio.

Portfolio

The Group directly owns and manages around half of its properties, with the balance held through investment funds and joint ventures. As at 31 March 2013, the Group's property portfolio, including its share of properties held through investment funds and joint ventures, includes 60 per cent. in retail properties, 36 per cent. in office properties and 4 per cent. in other properties.

The Group's portfolio focuses primarily on UK retail properties and Central London offices which offer attractive risk-adjusted growth prospects. As at 31 March 2013, the Group has invested 60 per cent. in retail properties, over 80 per cent. of which are located at prime out-of-town sites. The retail portfolio comprises 80 retail parks, 91 superstores and 17 shopping centres and 13 department stores. A further 35 per cent. was invested in Central London offices and office developments, including Broadgate.

As at 31 March 2013, the European Public Real Estate Association (the **EPRA**) topped up net initial yield including rent contracted from expiry of rent free periods was 5.7 per cent. and the portfolio had a passing net rent roll on a cashflow basis of £544 million (excluding the value of rent free periods).

An analysis of the Group's portfolio valuation by sector as at 31 March 2013 is set forth below:

As at 31 March 2013	Group	Funds & JVs⁽¹⁾	Total	Portfolio	EPRA Topped up Net Initial Yield	Net Equivalent Yield
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>%</i>	<i>%</i>	<i>%</i>
Retail Parks	1,736	768	2,504	23.9	5.7	5.9
Superstores	131	1,164	1,295	12.4	5.2	5.2
Shopping Centres	730	1,069	1,799	17.1	5.8	5.9
Department Stores	474		474	4.5	5.8	6.4
UK Retail	3,071	3,001	6,072	57.9	5.6	5.8
Europe		255	255	2.4	6.6	8.0
All Retail⁽²⁾	3,071	3,256	6,327	60.3	5.6	5.9
City	70	1,680	1,750	16.7	6.1	5.8
West End	1,880		1,880	17.9	5.1	5.6
Provincial	83	4	87	0.8	7.3	6.6
All Offices⁽²⁾	2,033	1,684	3,717	35.4	5.7	5.7
Other	450	5	455	4.3	7.7	8.5
Total	5,554	4,945	10,499	100	5.7	5.9

Notes

(1) Group's share of properties in Joint Ventures & Funds

(2) Including committed and prospective developments

Sector and Asset Selection

The Issuer regularly reviews the prospects and expected performance of each asset in its portfolio in the context of current market conditions as part of its on-going strategy of concentrating on markets, sectors and properties with positive medium-term supply demand characteristics in order to capture trends in customer demand and rental growth and dispose of lower growth or riskier assets.

The Issuer recycles capital within selected markets to refine its focus on assets with greater potential rental growth and opportunities to improve rental growth through asset management. The Issuer generally considers selling assets for which it can no longer significantly improve rental growth.

Funds and Joint Ventures

Around half of the Group's property assets are held in joint ventures and funds, allowing the Group to broaden its access to properties and spread risk. The investment funds in which the Issuer has interests provide it with exposure to properties in its key sectors. A subsidiary of the Issuer also acts as property adviser to the funds and receives performance and management fees in that capacity.

The Issuer's joint ventures with other commercial real estate developers, investors and occupiers provide the Issuer with access to desirable properties and enable the Issuer to create further opportunities to deliver capital value. Separate entities are formed for this purpose, controlled on a 50/50 voting basis by a board carrying equal representation from each partner. The joint ventures have been able to raise finance on the strength of their assets thereby significantly lowering the initial equity investments and enhancing returns on capital. The enterprise is shared by the partners, over a specific agreed lifetime for the venture.

Development Programme

As part of the Issuer's strategy, the Group develops properties under its development programme. As development involves higher risk than standing investment properties, the Issuer analyses the potential risks and rewards of each development project prior to making a commitment.

The Group takes into account relevant business cycles and how they may affect the project, as well as the potential ways in which the project may further the Issuer's strategic objectives.

Important elements of development projects that are taken into account include the transport and other infrastructure attributes of the location, quality of specification, configuration and flexibility of accommodation, and timing of delivery into market demand. Emphasis is also placed on working with talented architects and design teams to create well-designed, flexible and sustainable buildings that enhance their location and that offer the best opportunity to realise premium rents, sustained rental growth and enhanced investment returns.

Retail Portfolio

The Group's retail portfolio had a total value of £6,327 million at 31 March 2013 with properties positioned to reflect customer demand, allocated 80 per cent. to out-of-town locations and 20 per cent. to in-town locations. The Group's retail portfolio had occupancy of 97.4 per cent. and an average lease length of 12.4 years to expiry (11.2 years to break).

The Group has good relationships with many of the larger UK retailers and aims to provide them with the right space in the locations they prefer. The Group continues to reshape its retail portfolio and recycles capital into assets with the best prospects to enhance retailer mix and drive rental growth.

The Group's two largest retail customers, Tesco and Sainsbury's, accounted for approximately 7.7 per cent. and 6.2 per cent., respectively, of the Issuer's total rental income (including the Issuer's share of properties held through investment funds and joint ventures) as at 31 March 2013.

Office Portfolio

The Group's office portfolio had a total value of £3,717 million as at 31 March 2013. The Group's offices portfolio comprises properties located in London, with a concentration on prime assets in the City and West End of London and a particular emphasis on the Broadgate and Regent's Place developments.

The Group's customer focus is on providing the right accommodation to meet the requirements of London's financial and business services sector. The Group builds on this by offering high-quality property management, from estate services through to development of new accommodation. The Company's proactive asset management aims to tailor its offerings to customers' changing needs.

As at 31 March 2013, the Issuer's office portfolio:

- included investments 96 per cent. occupied;
- a weighted average lease term of 7.8 years to first break (9.9 years to expiry);
- was valued on the basis of a net equivalent yield of 5.7 per cent.;
- provided an average office contracted rent of £44.3 per square foot, against an average headline ERV of £43.5 per square foot; and

The Group's two largest office tenants are UBS and HM Government, accounting for approximately 3.7 per cent. and 2.6 per cent., respectively, of the Issuer's total rental income as at 31 March 2013.

Development Programme

The Group's development programme consists of committed projects where construction is underway and development prospects. Committed developments are set out below:

As at 31 March 2013	BL Share	Sq. ft.	PC Calendar	Current Value	Cost to complete	Notional interest	ERV	Pre- let	Residential End Value
	%	'000	Year	£m	£m ⁽¹⁾	£m ⁽²⁾	£m ⁽³⁾	£m ⁽⁵⁾	£m ⁽⁴⁾
Committed Developments									
5 Broadgate	50	700	Q4 14	163	103	18	19.2	19.2	-
The Leadenhall Building	50	610	Q2 14	159	69	13	18.6	5.6	-
Broadgate Circle	50	45	Q4 14	6	9	1	1.2	-	-
10 - 30 Brock St, Regents Place ⁽⁶⁾	100	500	Q2 13	390	16	2	19.8	10.3	113
10 Portman Square ⁽⁷⁾	100	134	Q2 13	149	9	-	9.7	4.1	-
Marble Arch House ⁽⁸⁾	100	86	Q4 13	44	20	2	3.9	-	15

39 Victoria Street	100	93	Q3 13	49	17	2	4.9	-	-
Total Offices		2,168		960	243	38	77.3	39.2	128
Whiteley Village, Fareham	50	320	Q2 13	33	6	-	2.6	2.4	-
Glasgow Fort (Leisure)	41	46	Q3 13	4	2	-	0.5	0.5	-
Hereford	100	310	Q3 14	17	59	9	5.8	2.4	-
Total Retail		676		54	67	9	8.9	5.3	-
Total Residential		50		47	17	3	-	-	70
Total Committed		2,894		1,061	327	50	86.2	44.5	198

Notes

Data includes Group's share of properties in Joint Ventures & Funds (except area which is shown at 100 per cent.)

(1) From 1 April 2013

(2) Based on a notional cost of finance of 6 per cent.

(3) Estimated headline rental value net of rent payable under head leases (excluding tenant incentives)

(4) Parts of residential development expected to be sold, no rent allocated - of which £107 million completed or exchanged

(5) A further £4.4m pre-lets were under offer at the year-end including £3.0m letting to Amlin at The Leadenhall Building

(6) Includes 126,000 square feet of residential

(7) Excludes 25,000 square feet of off-site residential and retail (95-99 Baker Street), which was sold in the previous financial year

(8) Includes 10,500 square feet of residential

Portfolio Statistics

The Group's property portfolio is characterised by high occupancy rates and long leases as shown in the following table, which sets forth the average occupancy rates and remaining lease length by sector:

Excluding Developments At 31 March 2013	Average Lease Length (yrs.)		Occupancy (overall) ⁽¹⁾
	To Expiry	To Break	
Retail Parks	9.8	9.0	95.8
Superstores	15.4	15.4	100.0
Shopping Centres	9.9	9.2	97.5
Department Stores	28.2	24.9	99.6

UK Retail	12.5	11.6	97.4
Europe	10.5	4.3	88.5
All Retail	12.4	11.2	96.8
City	9.9	7.9	96.0
West End	9.9	7.6	96.5
Provincial	9.3	8.9	100.0
All Offices	9.9	7.8	96.3
Other	21.6	21.5	98.9
Total	12.1	10.7	96.8

Note

(1) Including accommodation under offer subject to asset management

The Issuer believes that the Group's broad customer base provides diversification of risk. As at 31 March 2013, the largest customer (including customers of joint ventures) accounted for approximately 8 per cent. of the total passing rent roll.

In recent years, the Group has been focussed on de-risking its development pipeline. The Group's office development programme was 61 per cent. pre-let or under offer (by estimated rental value) across the portfolio as at 31 March 2013.

Recent Developments

On 5 July 2013, the Issuer announced that it had acquired assets comprising the majority of Paddington Central, a 1.2 million square feet office-led, mixed-use estate close to Paddington station in London's West End. On completion of the developments, the Issuer will own 1.0 million square feet of a 1.6 million square feet estate. As at the date of this Base Prospectus, the existing properties at the Paddington Central Estate acquired by the Issuer generated contracted rents of £22 million per annum on expiry of rent fees.

Directors and Senior Management of the Issuer

The directors and senior management of the Issuer, their position and principal activities outside the Group, where those are significant, are as follows:

Name	Position	Outside Directorships/Activities
John Gildersleeve	Non-executive Chairman	Non-executive Deputy Chairman of Carphone Warehouse Group PLC Non-executive Director of TalkTalk Telecom Group PLC
Chris Grigg	Chief Executive	Member of the Executive Board of the European Public Real Estate Association. Non-executive Director of BAE Systems PLC

Lucinda Bell	Finance Director	—
Tim Roberts	Head of Offices	Trustee and Board Member of LandAid, the property industry charity
Charles Maudsley	Head of Retail	—
Lord Turnbull	Non-executive Director	Non-executive Director of Prudential PLC and Frontier Economics Ltd. Entered the House of Lords in 2005 as a Crossbench Life Peer
Aubrey Adams	Non-executive Director	Head of Property within RBS's Global Restructuring Group Non-executive Chairman of Max Property Group PLC Non-executive Director of Pinnacle Regeneration Group Limited Chairman on the Board of Trustees of Wigmore Hall
Dido Harding	Non-executive Director	Chief Executive Officer of TalkTalk Telecom Group PLC Trustee of charity Go ON UK, which aims to make the UK the most digitally skilled nation in the world
Richard Pym	Non-executive Director	Chairman of UK Asset Resolution Ltd, the holding company established to manage the 'run off' of the Government owned closed mortgage books of Bradford & Bingley plc and Northern Rock (Asset Management) plc Non-executive Chairman of BrightHouse Group Ltd and Nordax Finans AB
Simon Borrows	Non-executive Director	Chief Executive of 3i Group plc Non-executive Director of Inchcape plc
William Jackson	Non-executive Director	Managing Partner of Bridgepoint, a leading private equity firm Serves on a number of Bridgepoint portfolio Boards including as Chairman of Prêt à Manger and as President of the Board of Dorna Sports SL, holder of the commercial rights of the Moto GP World Championship
Anthony Braine	Group Secretary	—

The business address of the directors of the Issuer is c/o The British Land Company PLC, York House, 45 Seymour Street, London W1H 7LX. There are no potential conflicts of interest between the duties to the Issuer of the directors and their private interests and/or other duties.

UNITED KINGDOM TAXATION

The comments below, which are of a general nature and are based on the Issuer's understanding of current United Kingdom law and HM Revenue and Customs (HMRC) practice, describe certain aspects of the United Kingdom tax treatment in respect of the Notes. Some comments do not apply to certain classes of persons (such as dealers and persons connected with the Issuer) to whom special rules may apply. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective holders of Notes should be aware that the particular terms of issue of any Series of Notes as specified in the applicable Final Terms may affect the tax treatment of that and other Series of Notes. The United Kingdom tax treatment of prospective holders of Notes depends on their individual circumstances and may be subject to change in the future. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly advised to consult their own professional advisers.

Interest on the Notes

- (1) Payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax as long as 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. The London Stock Exchange is such a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) by the UK Listing Authority and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes remain so listed, interest may be paid on the Notes without withholding or deduction for or on account of United Kingdom income tax.
- (2) Payments of interest on the Notes may also be made by the Issuer without withholding or deduction for or on account of United Kingdom income tax if, at the time the payments are made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that, broadly, the beneficial owner of the interest is within the charge to United Kingdom corporation tax in respect of that interest or the payment is made to, or to a nominee of, a recipient who falls within a list of specific tax-exempt entities and bodies, as set out in Chapter 11 of Part 15 of the Income Tax Act 2007, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.
- (3) In addition to the exemptions referred to above, where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.
- (4) In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.
- (5) If Notes are redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest for United Kingdom tax purposes. In that event, payments thereof would be subject to the treatment outlined in Paragraphs 1 to 4 above and to the reporting requirements mentioned in Paragraph 5 below.

Reporting Requirements

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.

HMRC has indicated that it will not use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6 April 2014.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions.

EU Savings Directive

Under the EU Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during such period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

In April 2013, the Luxembourg government announced its intention to end its transitional period and move to automatic exchange of information under the EU Savings Directive with effect from 1 January 2015.

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

UNITED STATES FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “foreign financial institution”, or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of the Issuer (a **Recalcitrant Holder**). Although it is not expected that the Issuer will be classified as an FFI, the discussion below will be relevant for Noteholders.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the **grandfathering date**, which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes (unless it has agreed to do so under the U.S. “qualified intermediary,” “withholding foreign partnership,” or “withholding foreign trust” regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the **US-UK IGA**) based largely on the Model 1 IGA.

In circumstances where it is classified as an FFI, the Issuer would expect to be treated as a Reporting FI pursuant to the US-UK IGA and would not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary or common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the clearing systems (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 29 July 2013 (as further amended, restated, modified and/or supplemented from time to time, the **Programme Agreement**) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C Rules or TEFRA D Rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, to the Principal Paying Agent of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes 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 under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Public Offer Selling Restrictions under the Prospectus Directive

In relation to each Relevant Member State, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression **an offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) 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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) 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.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended, the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of,

any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Subscription Agreement or Dealer Accession Letter.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 23 November 2005. The update of the Programme has been authorised by a resolution of the Approvals Committee of the Board of Directors of the Issuer dated 25 July 2013.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market. The listing of the Programme in respect of Notes is expected to be granted on or around 29 July 2013.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (i) the Articles of Association of the Issuer;
- (ii) the 2012 Annual Report and the 2013 Annual Report;
- (iii) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith;
- (iv) the Agency Agreement, the Trust Deed and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (v) a copy of this Base Prospectus; and
- (vi) any future offering circulars, base prospectuses, information memoranda, supplements to this Base Prospectus, Final Terms and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes are expected to be accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

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

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the Group taken as a whole since 31 March 2013. There has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 March 2013.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), nor have there been such proceedings in the 12 months preceding the date of this document, which may have or have in such period had a significant effect on the financial position or profitability of the Group.

Auditors

The auditors of the Issuer are Deloitte LLP, Chartered Accountants, of Hill House, 1 Little New Street, London EC4A 3TR, United Kingdom who have audited the Issuer's consolidated accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the two financial years ended on 31 March 2012 and 31 March 2013. Deloitte LLP is a member of the Institute of Chartered Accountants of England and Wales. Deloitte LLP has no material interest in the Issuer

Trustee's reliance on Auditors' certificates and/or reports

The Trust Deed provides that the Trustee may rely on certificates and/or reports from Auditors (as defined therein) or any other expert in accordance with the Trust Deed whether or not such certificate or report or any engagement letter or other document entered into by the Trustee and the Auditors or such other expert in connection therewith contains any limit on the liability of the Auditors or such other expert. Under the terms of the Programme, the Trustee will not necessarily receive a legal opinion in connection with each issue of Notes.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers 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 or Issuer's affiliates. Certain of the Dealers or their affiliates may hedge their credit exposure to the Issuer from time to time consistent with their customary risk management policies. Typically, such Dealers 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 issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers 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.

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