

**IMPORTANT NOTICE**

**NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS  
IN THE U.S.**

**IMPORTANT: You must read the following before continuing.** The following applies to the Investment Memorandum attached to this electronic transmission, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Investment Memorandum. In accessing the Investment Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES OF THE ISSUER FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS. THE FOLLOWING INVESTMENT MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

You are reminded that the Investment Memorandum has been delivered to you on the basis that you are a person into whose possession the Investment Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Investment Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Issuer or any affiliate of the Issuer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Issuer or such affiliate on behalf of the Issuer in such jurisdiction.

By accessing the Investment Memorandum, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the document by electronic transmission and (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia.

In the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at, persons who have professional experience in matters relating to investments and fall within the relevant definitions of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**FPO**") (all such persons together being referred to as "**relevant persons**"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will only be engaged in with, relevant persons.

This Investment Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, nor the Lead Manager, nor the other transaction parties or any person who controls any such person or any director, officer, employee or agent of any such person (or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Investment Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Issuer or the Lead Manager.

**INVESTMENT MEMORANDUM**

**DATED 11 April 2019**

**BALISE SPRINGS PLC**

*(incorporated with limited liability in England and Wales)*

**ISSUE OF UP TO**

**€16,000,000 8% Fixed Rate Secured Notes Due 2024**

**ISIN: GB00BJVK2P02 (EUR)**

**GB00BJVK2Q19 (GBP)**

**SEDOL: BJVK2P0 (EUR)**

**BJVK2Q1 (GBP)**

**Under the £2,000,000,000 Secured Medium Term Note Programme**

**Series 2019-F2**

**Issue Price: 100%**

---

This Issuer has prepared listing particulars dated 14 August 2017 (the "**Listing Particulars**") in compliance with the Listing Rules of the Frankfurt Stock Exchange. Application has been made to the Frankfurt Stock Exchange for the approval of securities (the "**Securities**") issued under the Secured Medium Term Note Programme (the "**Programme**") to be admitted to listing and trading on the Frankfurt Stock Exchange. References in this Investment Memorandum to Series 2019-F2 Notes being "listed" (and all related references) shall mean that the Series 2019-F2 Securities have been admitted to the Frankfurt Stock Exchange.

This Investment Memorandum is qualified in its entirety by the Listing Particulars and Pricing Supplement. Words and expressions defined in the Listing Particulars shall have the same meanings herein.

The Series 2019-F2 Securities have been authorised by the Board of Directors of the Issuer on 22<sup>nd</sup> March 2019 to be deposited with Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI2001 No. 3755) including any modification thereof for the time being in force (the "CREST Regulations") and the rules, regulations, procedures, facilities and requirements as defined in the CREST Regulations. The register of the Series 2019-F2 Securities shall be maintained at all times in the United Kingdom by the Registrar where title is recorded as being held in uncertificated form. The Series 2019-F2 Securities may be transferred by means of the Relevant System (as defined in the CREST Regulations).

This Investment Memorandum is provided in confidence only to Relevant Persons. If this is not the case then the recipient must return this Investment Memorandum immediately. It is not directed at and may not be acted on by anyone else.

#### **FOR INVESTORS IN THE UNITED KINGDOM**

In the United Kingdom, this document may be distributed only to, and is directed only at, and any offer subsequently made may only be directed at suitable and appropriate clients in accordance with the rules set out in COBS 4.7 "direct offer financial promotions". (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will only be engaged in with, relevant persons.

#### **ELIGIBLE ASSETS FOR EU INVESTORS**

Series 2019-F2 Notes (as defined below) are eligible assets under the Eligible Assets Directive 85/611/EEC. The qualification of Series 2019-F2 Notes as eligible assets is based on criteria as set down by the European Commission and apply to securities issued in any jurisdiction and their qualification criteria under the Eligible Assets Directive 85/611/EEC.

#### **ALL OTHER JURISDICTIONS**

Distribution of this document is restricted to those class of persons with the appropriate experience or are advised by entities which are authorised in the relevant jurisdiction to discuss investment products ("Appropriate Advisers"). The liability for advice rests solely on the Appropriate Advisers upon whom investors can rely on. If an investor is any doubt as to the suitability of an investment, they should seek further professional advice. Unless specifically stated on the website of the Issuer, the Issuer has not appointed any Appropriate Advisers for this Series and no responsibility for the advice of an Appropriate Adviser can be the responsibility of the Issuer, the Lead Manager, the Servicer or any of the other entities mentioned in this Investment Memorandum.

No derivatives are used by Series 2019-F2 Notes and investors are not exposed to any complex or sophisticated financial instruments. Series 2019-F2 Notes are not sophisticated or complex products and include no embedded derivatives which may otherwise give rise to such classification.

Investing in Series 2019-F2 Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil their respective obligations under the Programme are only summarized below; reference should be made to the "Risk Factors" in the Listing Particulars.

11 April 2019

## IMPORTANT NOTICES

Balise Springs PLC (the "**Issuer**") accepts responsibility for the information contained in this Investment Memorandum and, in relation to Series 2019-F2 Securities and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Investment Memorandum is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This excludes the section titled 'Background to the Borrower', which European Tire Recycling Ltd takes responsibility for and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Investment Memorandum is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Series 2019-F2 Securities will be issued on the terms set out herein under "*Terms and Conditions of Series 2019-F2 Securities*" (the "**Conditions**") as completed by a document specific to such Series 2019-F2 Securities called the Pricing Supplement (the "**Pricing Supplement**").

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Investment Memorandum or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Trustee or any Dealer.

The distribution of this Investment Memorandum and the offering, sale and delivery of the Series 2019-F2 Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Investment Memorandum comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. In particular, the Series 2019-F2 Securities 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, Series 2019-F2 Securities may not be offered, sold or delivered within the United States or to U.S. persons.

This Investment Memorandum does not constitute an offer or an invitation to subscribe for or purchase any Series 2019-F2 Securities and should not be considered as a recommendation by the Issuer, the Dealers, the Trustee, or any of them that any recipient of this Investment Memorandum should subscribe for or purchase any Series 2019-F2 Securities. Each recipient of this Investment Memorandum shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

In this Investment Memorandum, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**pounds sterling**", "**sterling**" and "**£**" are to the lawful currency of the United Kingdom, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars and references to "**EUR**", "**€**" or "**euro**" are to the single currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended.

Certain figures included in this Investment Memorandum have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic

aggregation of the figures which precede them.

The Series 2019-F2 Securities may not be a suitable investment for all investors. Each potential investor in the Series 2019-F2 Securities 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 Series 2019-F2 Securities, the merits and risks of investing in the Series 2019-F2 Securities and the information contained or incorporated by reference in this Investment Memorandum or any applicable supplement;
- (i) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Series 2019-F2 Securities and the impact the Series 2019-F2 Securities will have on its overall investment portfolio;
- (ii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Series 2019-F2 Securities, including Series 2019-F2 Securities where the currency for principal payments is different from the potential investor's currency;
- (iii) understands thoroughly the terms of the Series 2019-F2 Securities and is familiar with the behaviour of financial markets; and
- (iv) 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.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) Series 2019-F2 Securities are legal investments for it, (2) Series 2019-F2 Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of Series 2019-F2 Securities. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Series 2019-F2 Securities under any applicable risk-based capital or similar rules.

This Investment Memorandum contains forward-looking statements. Forward-looking statements often include words such as "anticipate", "expect", "intend", "plan", "believe", "continue" or similar words in connection with discussions of future operating or financial performance. The forward-looking statements are based on the directors' and where relevant the Company's current expectations and assumptions regarding commercial performance, the economy and other future conditions, circumstances and results. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. The actual results may vary materially from those expressed or implied in its forward-looking statements

## CONTENTS

	<i>Page</i>
IMPORTANT NOTICES .....	5
CONTENTS .....	7
BACKGROUND TO THE BORROWER .....	8
OVERVIEW OF NOTES STRUCTURE.....	17
PRINCIPAL DOCUMENTS.....	25
TERMS AND CONDITIONS OF THE SECURITIES .....	37
GENERAL INFORMATION .....	68
PARTIES.....	70

## BACKGROUND TO THE BORROWER

### General

European Tire Recycling Limited (the "**Borrower**" or "ETR") is a private limited company incorporated and registered in England and Wales with registered number 11894202. The registered office of the Borrower is Units 2 and 3 Forton West Farm, Forton, Montford Bridge, Shrewsbury, SY4 1ET.

European Tire Recycling Ltd is the specialist developer and operator of a tyre recycling plant in Europe. The company is a 100% owner of a fully operational plant near Krakow in Poland built and operated by REOil (Reoil sp. z.o.o, Poland) (the plant) to process 20,000 tons of waste tyres per annum into valuable, saleable commodities. The local company was established as a team seven years ago and since then has spent a considerable amount of time and money in developing this full-size, state of the art engineering facility. The plant is one of the most advanced tyre recycling plants in the world built from high quality European components, European controls and operating systems. The plant has all the necessary environmental certificates and complies with Polish and European environmental standards. Unlike any competitors in the market, this is not a test plant or a development plant but a full-scale commercial operating plant which has been developed and built over the past 4 years.

The plant and its operation have been independently researched and verified by Mabbett, a UK leading engineering company, and Dekra, who are a world-renowned global environmental auditing company.

The disposal of waste tyres is a massive global issue. Currently most tyres, when they are disposed of, go to landfill or are used as a fuel in cement kilns or other industries as Tyre Derived Fuel (TDF). Millions of tons of tyres are disposed of in this way which is not sustainable and has an ongoing negative impact on the environment as there are not adequate clean up systems so more pollutants are being dispersed into the atmosphere. The ETR plant, on the other hand, processes these End of Life Tyres (ELT) in a green, environmentally sustainable way and not only 'disposes' of the tyres – it converts them into valuable commodities which can go back into sustainable products to be used again.

ETR's business model is based on the processing of ELTs within a technologically and environmentally friendly process into consistent quality recovered steel, rCB and Pyrolysis Oil. The company is now gaining a reputation in the marketplace as a leading producer of very high quality rCB and Pyrolysis oil and is continually being contacted by additional major companies that use the end commodities. These commodities fit companies' sustainability requirements and are seen as part of their Corporate and Social Responsibility. By way of example, of every tyre which is processed approximately 43% is converted into renewable fuel; 32% into recycled Carbon Black (rCB) which is used in the rubber and plastics industry; 13% is recycled steel and 12% is used to run the plant

The plant has an active on-take agreement for the supply of ELTs required to run the facility 24/7. For the commodities produced, there are off-take agreements with leading credit worthy organisations for its valuable commodities (steel, rCB, and Pyrolysis oil). Over the past seven years, REOil successfully acquired the freehold site, all the necessary

environmental permits to operate a tyre recycling facility, and built a full-size tyre recycling facility. The plant is currently building up its operations to run with a capacity of 20,000 tonnes per annum and in addition to three valuable income streams, will now be receiving a gate fee for the ELT.

### **The Technology**

ELTs are a considerable problem: globally and in Europe there are over 3 million tonnes of tyres removed from vehicles each year which currently go to landfill, cement kilns and only a small fraction of the tyres are recycled into other applications such as play surfaces.

ETR's process technology initially shreds the tyres and then removes the steel from the tyres (approximately 13% by weight or approximately 2600 tons per annum) utilising standard heavy-duty equipment supplied by leading American and Danish ELT equipment suppliers. The resulting tyre crumb feedstock is essentially clean of any steel and is then ready to be fed into a continuous chemical process (without oxygen) which at high temperature breaks the tyres down into a number of valuable commodities for the end markets.

The tyre crumb is fed into a kiln which operates a 24/7 continuous process. The kiln operates at circa 600 degrees centigrade. Initially, the process is started with natural gas and then gas thrown off from the plant process produces the fuel to keep the plant running, cutting the need for external energy to be provided and making the plant more self-sufficient.

The plant processing then produces a basic rCB and a pyrolysis oil from the continuous kiln. These raw products are then able to be further processed to produce higher value commodities (rCB into pellets and the oil further refined).

ETR's unique value proposition is to ensure that the ELTs are disposed of environmentally and produce sustainable end products, whilst at the same time making sure that there is no increase in Greenhouse gas emissions.

### **The Commercial Model**

REOil has secured high value contracts with blue chip European companies for its on-take and offtake agreements. There are currently 4 revenue streams which can be enhanced with further capital expenditure as detailed below. ETR will derive revenue from operations from:

- ELTs
- Recycled Steel
- Recycled Carbon Black
- Pyrolysis Oil

The first revenue stream is **ELTs** where the company is paid to take in shipments of whole used tyres which it will use as its feedstock and then process to produce tyre crumb. ETR is currently working with the largest tyre recycling company in Poland who have guaranteed to provide the whole of the 20,000 tonnes of tyres for the plant per annum – normally tyre crumb would cost up to €80 euros per tonne, however, the company will receive the ELTs for free and produce its own tyre crumb. The gate fee that the company will receive has the potential for a significant uplift as time progresses.

The second revenue stream is the **steel** which is removed from the tyres after running the whole tyre through the shredder and rasper (up to 2600 tonnes of scrap steel to sell at circa €100 to 140 per tonne.- €260,000 per annum).

The third revenue stream is **recycled carbon Black (rCB)** which in its basic state is worth circa €150 per tonne. However, when it is further processed by milling and pelletising, the value increases to over €590 per tonne. Currently the plant can process 3000 tonnes of rCB pellets. Part of the proceeds of the bond offer will be to increase the pelleting output to 6400 tons per annum. The company sells all of its rCB pellet production to rubber and plastics companies who use the rCB in many products such as rubber matting, rubber hoses, and all kinds of other rubber products - the increased rCB pelleting will provide €3,776,000 per annum.

The fourth revenue stream is **Pyrolysis oil** which currently (in its raw state) is sold to a number of independent oil companies in Poland at circa €0.41 per litre. The plant will process up to 8400 tonnes of oil per annum, just over 9 million litres. The company intends and has budgeted from the bond proceeds to purchase additional **desulphurisation and fractionalisation** equipment which will allow it to produce higher quality fuels and enhance the pyrolysis fuel income by up to 30% per litre – the refined oil will provide a base income of €3,975,000 per annum and will increase.

#### **Plant Upgrades**

The plant is investing €5 million from the bond proceeds on a number of key capital items which will substantially increase its multiple revenue stream to include a tyre rasper, a quench system, a rCB pelletising unit and a Pyrolysis oil desulphurisation and fractionalisation.

**Tyre Rasper** – the company has purchased an Eldon rasper to allow the business to process its own tyre crumb. The plant is currently purchasing in the tyre crumb and this will give the plant the opportunity to process all the tyre crumb the plant needs to operate (rather than purchasing it). Currently the plant purchases tyre crumb at €80 per tonne. With the rasper installed, this will provide a €1.6 million cost reduction per annum and ongoing will provide additional revenue as the gate fee increases.

The rasper has been specified for the plant and parts can be sourced from Eldon in Denmark. The Eldon rasper pulls the wire out and brings the steel content down to under 2%. Eldon is one of the largest global manufacturers of high-grade recycling equipment in the world.

**The Quench System** – to allow for continuous running of the plant and to enable the plant to process 20,000 tonnes per annum. This equipment is currently being installed on the first line in the plant and will be operational in April, the second line will be fully installed by June 2019.

At present, the plant is limited to running at 8,000 tonnes throughput and the quench will allow production to increase to 20,000 tonnes per annum. Installation and operation of this equipment will more than double all the plants revenue streams.

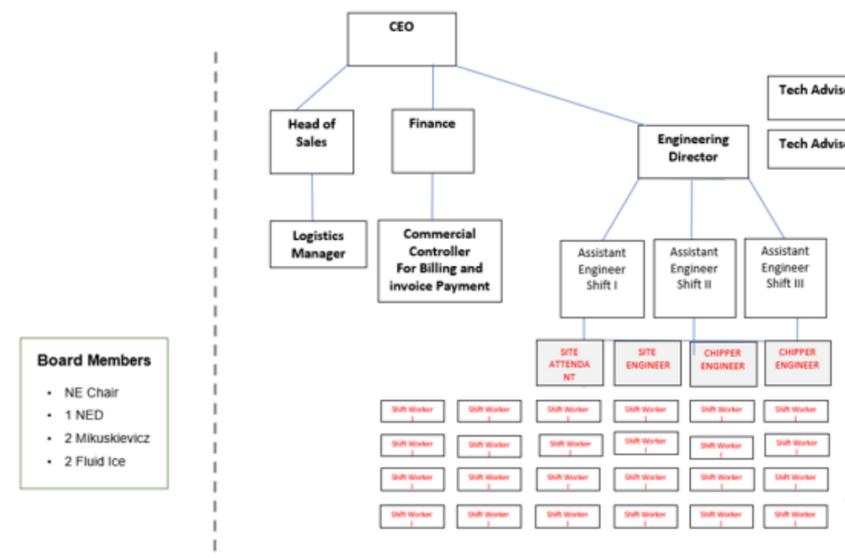
**rCB Pelleting Plant** – this equipment will be installed to allow for increased rCB pellet production, allowing the plant to process all of its rCB output and achieve significantly higher

revenue streams (from a selling price of €150 per tonne for rCB to circa €590 per tonne for the pelleted product). This will provide a revenue enhancement of €1,88million per annum.

**Pyrolysis oil desulphurisation and fractionalisation** – Installation of this equipment will allow for the Pyrolysis oil to be split into more valuable fuels, providing an average uplift of 40% on the current pricing. In addition, the defractionalisation process will allow for some of the fuels to qualify for the UKs Renewable Transport Fuel Obligations. This will allow the plant to participate in 2 Renewable Transport Fuel Certificates (RTFCs) worth up to 40 pence per litre (in addition to the price paid per litre) which are secured till 2032. If possible, the plant would further process the fuels to get to an EN590 fuel which would provide significantly higher government incentives (over 80 pence per litre).

Combined Heat and Power Plant – this will allow the plant to use its own Pyrolysis fuel for electricity production at a lower cost than electricity is currently purchased for.

**COMPANY ORGANISATIONAL STRUCTURE**



The Company (ReOil) employs 4 individuals at upper management level, 4 technical engineers and the remaining employees are shift employees, thus keeping employee costs at a conservative level.

The Company is owned and held by private shareholders, directors and engineering professionals that have put millions of their own capital, sweat equity and investment into building the plant from concept to a fully operational plant.

## **MARKET POSITION**

The Company currently has one commercial operating site in Poland with an annual throughput of up to 20,000 tonnes per annum. There is currently no other commercially operating plant in the UK and Europe with this scale of continuous operation.

The Company is fully compliant and authorised by the relevant Polish Environmental Authorities to include the following permits:

- Environmental Decision SR.6220.3.2013
- Waste Permit SR- I11.7244.4.2.2015.MG
- Air Permit WS-6224.10.2014
- Water Discharge Consent
- It is also a full and active member of the International Sustainability and Carbon Certification (ISCC) and operates to the stringent standards of this environmental organisation as well as being ISO14001 approved.

## **COMPANY PHILOSOPHY**

The Company's employees are driven by what the CEO refers to as a "culture of collegiality" whereby there is an atmosphere of pride and passion in creating and building a plant at the forefront of its sector - where different functions within the company work in unison. The team has built the plant together from a 'brown field' site and are aligned on producing a full capacity 24/7 operating plant. The Company is also driven by a team that considers the impact on the environment (both internally and for the country) as at the forefront of their endeavours. "Be environmental – whilst making money – and enjoying the journey" is the company ethos. Performance-based compensation supplements base wages to promote a joint journey.

## **CORE BUSINESS**

REOil is responsible for the overall running of the business and its inputs and outputs, which includes operations and management:

- Centralised sales, accounting and administration functions;
- Manage the daily operations of the plant, including the tyres into and commodities sales out of the plant;
- Manage equipment maintenance schedules and assign repairs to internal engineers;
- Maintain the warranties and agreements for the equipment;
- Maintain the insurance agreements and keep updated alarm and security systems; and

- Manage the production plan to ensure that customer demand requirements are met.

The company is committed to the environment and reducing carbon emissions. The tyres that the company receive are ELT and are processed in the most environmentally compliant manner.

The tyre supply is sourced in Poland and is processed in country, thus reducing the carbon footprint. The end commodities are recycled into new products, reducing our reliance on new commodities entering the consumption cycle. Products produced by the plant are sold directly to the end users, therefore, there are no middlemen, nor double handling of the product and increased transport. REOil is also able to control the client relationships as well as the quality of the product delivered to the end users while simultaneously maximising profits.

**Assets, Security, Income and Costs**

ETR is seeking to raise up to €16 million in financing for the existing plant in Poland. The company will use €5 million to purchase additional rCB pellet processing, a rasper, quench unit, a pyro oil desulphurisation & fractionalisation unit, a CHP unit to reduce running costs of the plant and other upgrades to use more of the process heat and lower operating costs. The remainder of the raise will be used to refinance bank loans and asset finance held by the company.

The plant currently has circa €22 million of assets on its balance sheet including freehold land, building, plant and equipment. Once the plant has completed its upgrade, there will be over €27 million of assets on the balance sheet. When the €5m upgrades are fully implemented, the value of the plant will have significantly increased to more than €40 million based on its production, output and earning capacity.

The bondholders will have a full charge over all the assets including land, buildings and on and off take agreements.

When the plant is at full operation the plant will have:

- Oil sales of circa €3.8 million      €0.41 per litre excluding all RTFCs & subsidies
- rCB sales of circa €3.8 million      €590 per ton
- Steel sales of circa €260,000      €100 per ton
- Tyre gate fee of €700,000      €35per ton

Fixed costs base of €2.6 million

EBITDA of €5.96 million

**The debt service ratio is 5 times EBITDA**

### **Renewable Transport Fuel Obligations (RTFO) in the UK**

There has been UK regulation introduced to double the input of sustainable renewable fuels by 2020. Increasing the use of renewable fuels will reduce carbon emissions, tackle climate change and make the transport sector more sustainable. Tough new biofuel targets which came into force on 15 April 2018 doubled the use of renewable fuels in the UK transport sector over the next 15 years, cutting the sector's reliance on imported diesel.

The plant has the opportunity to produce renewable fuels which could qualify to receive 2 Renewable Transport Fuel Certificates (RTFCs) per litre of fuel, which would provide quite a substantial additional revenue of upward of 40 pence per litre (20 pence per RTFC) for RTFCs and £1.60 per litre for development fuels.

Changes to the Renewable Transport Fuel Obligation (RTFO) will compel owners of transport fuel who supply at least 450,000 litres a year or more, to make sure the mix is at least 12.4% biofuel by 2032. Prior to April 2018, industry, which supplies fuel to transport companies such as haulage firms and airlines, was only expected to meet a target of 4.75% biofuel. The government is also challenging the sector to reduce greenhouse gas emissions by 6% by 2020 – which coupled with the RTFO changes will support the UK's low carbon fuel industry while helping make sure the UK transport sector is one of the most sustainable in the world.

The key changes to the scheme are:

- increasing the biofuels volume target from the current 4.75% to 9.75% in 2020, and 12.4% in 2032
- setting an additional target for advanced waste-based renewable fuels, starting at 0.1% in 2019 and rising to 2.8% in 2032
- setting a sustainable level for crop biofuels, an initial maximum cap of 4% of fuel in 2018, reducing annually from 2021 to reach 3% in 2026 and 2% in 2032
- bringing renewable aviation fuels and renewable fuels of non-biological origin into the scheme. By introducing new targets, the RTFO promotes the development of cutting edge technologies to turn waste into valuable low carbon fuels.

The RTFO incentives offered by the UK government have enabled alternative fuel sources to be developed for cars and lorries including the aviation sector.

## **Key People**

### **Michal Mikuskiewicz**



Michal is the founder of REOil as well as a major investor in the plant. Michal has been Reoil President and later plenipotentiary of the Management Board (Bukowno Pyrolysis Plant) since 2009. He is Co-Founder and plenipotentiary of the Management Board of Andrema Tex Sp. z o.o. ("Andrema") which has 3 production plants of classic clothing in Poland; Andrema is a successful major producer and supplier to high end retail brands in Europe. Michal education background is Internationale Betriebswirtschaft at the University of Wien.

### **Szymon Wicherek**



Szymon is head of the development and international expansion of waste tyres pyrolysis sales for Reoil. He was the main contractor for the project of building two lines for pyrolysis of end-of-life tyres at Reoil Bukowno in 2013-2019 and is the Chairman of the Board of Pyroline Construction GmbH, an end-of-life tyres pyrolysis plant general contractor and Pyroline Solution SA, a supplier of equipment and machines for end-of-life tyres pyrolysis plants. Since 2012 he has been dealing with the market of waste tyres pyrolysis, equipment, technological and process innovations, possibilities of selling of pyrolysis products and their commercial use. Szymon has a master degree in history obtained at the Jagiellonian University in Cracow as well as PhD in history from University of Pisa.

**Mary Sweere**



Mary brings to the table a wealth of experience having built companies from the ground up in the renewable sector. She has been working with REOil to define the upgrades and subsequent output of the plant as well as opening the RTFC market for the sale of oil. As background, Mary was part of a team that set up a Private Equity boutique, acting as COO. She is a founder of a group of biomass companies in the UK with 10 locations throughout the country and is a Director and CEO. At REOil, Mary is part of a team responsible for the business as well as the overall strategy for the direction of the company, driving the fund raising and financing for the plant. Along with her current experience, Mary has a BA in Economics and an advanced degree MIA in Macro Economics from Columbia University.

**Sebastian Zygmunt**

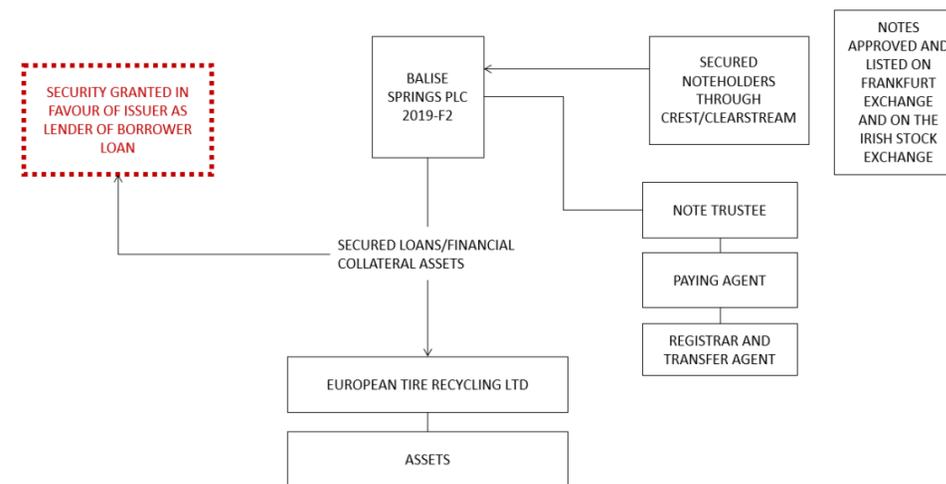


Sebastian is a Production Manager at ReOil and oversees the planning, organisation and management of production. Previously he was a shift leader at ReOil and Process Engineer at Eurobac. Sebastian has been a member of the REOil team since inception and now heads the operations and engineering team.

## OVERVIEW OF NOTES STRUCTURE

The following general description does not purport to be complete and is qualified in its entirety by the Pricing Supplement and the Listing Particulars.

### Structure Diagram



### Issue of Series 2019-F2 Securities

The Issuer will issue the Series 2019-F2 Notes under the Programme and will use the proceeds, less certain costs and expenses, to advance a loan (the "**Borrower Loan**") to the **Borrower** pursuant to the terms of a loan agreement (the "**Borrower Loan Agreement**"). The Borrower Loan and the Borrower Deed of Charge (see below) are, collectively, referred to as the "**Secured Assets**". The Servicer (see below) will service the Secured Assets on behalf of the Issuer and collect in all relevant payments.

The total amount of the issuance will be up to €16,000,000 which can be invested in either EUR or GBP.

The Borrower Loan will be governed by and enforceable under English law. The Borrower Loan will contain customary representations and warranties from the Borrower to the Issuer including, without limitation, representations and warranties as to the ownership, directly or indirectly, by the Borrower of its assets, that there are no adverse claims against such assets, that the Borrower has complied with all relevant laws in respect of those assets and that the obligations created under the Borrower Loan are enforceable. The value of the Borrower Loan shall not exceed the proceeds raised via the issue of Series 2019-F2 Notes. The total expenses incurred in relation to admission of Series 2019-F2 Notes to trading are €25,000 for each of the currency series.

### **Interest and Redemption**

Series 2019-F2 Notes will bear interest on their Outstanding Principal Amount from and including the Issue Date of Series 2019-F2 Notes at a rate of 8 per cent per annum and such interest will be payable in EUR or GBP in arrears on each Note Interest Payment Date, subject to the applicable Priority of Payments.

The Note Interest Payment Date means 11 October 2019 (being the first Note Interest Payment Date) and, thereafter, 11 April and 11 October in each year or, if any such date is not a Business Day, the next following Business Day (unless such Business Day falls in the next calendar month, in which event, the immediately preceding Business Day).

Series 2019-F2 Notes will be redeemed in full on the Maturity Date.

### **Issuer Security**

Under a deed of charge (the "**Issuer Deed of Charge**") entered into between the Issuer, and Truva Trustees Limited (the "**Issuer Security Trustee**"), the obligations of Issuer in respect of Series 2019-F2 Notes will be secured in favour of the Issuer Security Trustee (for the benefit of Series 2019-F2 Noteholders and certain other secured creditors of the Issuer (the "**Issuer Secured Creditors**")) by fixed and floating charges over the Issuer's rights including the Issuer Collateral Accounts and the property, undertaking and assets of Issuer (the "**Issuer Security**").

The Issuer Deed of Charge is governed by and enforceable under English law. The Issuer Deed of Charge contains customary representations and warranties from Issuer to the Issuer Security Trustee, including, without limitation, representations and warranties as to the ownership by Issuer of its assets, that there are no adverse claims against such assets, that Issuer has complied with all relevant laws in respect of those assets and that the security being granted under the Issuer Deed of Charge is enforceable. Issuer will be obligated to meet any enforcement costs.

By granting the Issuer Security to the Issuer Security Trustee for the benefit of the Issuer Secured Creditors, the rights of Series 2019-F2 Noteholders and the other Issuer Secured Creditors to the Issuer Security rank in priority to any unsecured creditors in the event of a default or an insolvency or insolvency related event of the Issuer.

### **Issuer Collateral Account**

The Issuer will maintain segregated accounts in EUR and GBP (the "**Series 2019-F2 Collateral Account**") into which the proceeds of Series 2019-F2 Notes will be transferred. When lending to the Borrower pursuant to the Borrower Loan Agreement, the Issuer shall ensure that:

- 2.5% of the proceeds of Series 2019-F2 Notes and;
- an amount equal to 12 months' coupon reserve

are retained in Series 2019-F2 Collateral Account. The amounts held in Series 2019-F2 Collateral Account will also form part of the Issuer Security.

### **Borrower Security**

The Issuer will have:

- Senior, first charge over the assets of the Borrower;
- A pledge over the shares of the Borrower
- A share pledge over the appropriate intermediate holding companies under which the operating assets are organized (ReOil and any other relevant entities).

Security will be registered both in the UK and in the relevant jurisdictions.

The Borrower Security Document will contain customary representations and warranties from the Borrower to the Issuer, including, without limitation, representations and warranties as to the ownership by the Borrower of its assets, that such assets are free from other security, that there are no adverse claims against such assets, that the Borrower has complied with all relevant laws in respect of those assets and that the security being granted under the Borrower Security is enforceable.

### **Use of Proceeds**

The Borrower will use the proceeds for plant upgrades and refinancing existing assets.

### **Coupons and Redemption**

The Assets principally are operational and profitable businesses, so it is therefore expected that there will be sufficient cash flow from the existing business operations to cover the Coupon Payments due under Series 2019-F2 Notes. The expected repayments should be sufficient to fulfil the payment at Final Redemption of Series 2019-F2 Notes. In the event that the available funds are not sufficient to cover the payment, the Issuer can take security over the Assets.

## TRANSACTION PARTIES

<b>Issuer</b>	Balise Springs PLC, incorporated in England with registered number 11473247 and registered office at 1 Bedford Row, London, United Kingdom, WC1R 4BZ.
<b>Trustee and Issuer Security Trustee</b>	Truva Trustees Limited will: (i) act as trustee for and on behalf of the holders of Series 2019-F2 Securities pursuant to a trust deed dated 14 August 2017 (the " <b>Trust Deed</b> ") and a supplemental trust deed (the " <b>Supplemental Trust Deed</b> ") to be entered into on or about the date of this Investment Memorandum between the Trustee and the Issuer; (ii) act as security trustee and hold on trust for itself and the other Issuer Secured Creditors the security granted by the Issuer pursuant to the Issuer Deed of Charge; and (iii) act as security trustee and hold on trust for itself and the Issuer the security granted pursuant to the Deed of Charge.
<b>Paying Agent</b>	<p>Avenir Registrars Limited will act as Paying Agent (the "<b>Paying Agent</b>") pursuant to an agency agreement (the "<b>Agency Agreement</b>") entered into on or about the date of this Investment Memorandum between the Paying Agent, the Trustee, the Issuer Security Trustee, the Registrar and the Issuer.</p> <p>The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of the Paying Agent and to appoint a successor Paying Agent.</p>
<b>Registrar and Transfer Agent</b>	Avenir Registrars Limited will act as registrar and transfer agent (the " <b>Registrar</b> ") pursuant to the Agency Agreement.
<b>Servicer and Calculation Agent</b>	<p>Bedford Row Capital Advisers Ltd, whose registered address is 1 Bedford Row, London, WC1R 4BZ, will act as servicer (the "<b>Servicer</b>") and the calculation agent (the "<b>Calculation Agent</b>") pursuant to a servicer agreement (the "<b>Servicer Agreement</b>") dated 14 August 2017. The Calculation Agent in relation to any determination or calculation specified in the Conditions of Series 2019-F2 Securities or the Secured Loan Agreements will act as calculation agent of the Issuer for the purpose of making such determinations or calculations in accordance with the Conditions and the Secured Loan Agreements.</p> <p>The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of the Servicer and the Calculation Agent and to appoint a successor Servicer and Calculation Agent.</p>

## **RISK FACTORS**

*Prospective investors should read the whole of this Investment Memorandum. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Investment Memorandum have the same meanings in this section.*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Series 2019-F2 Securities. 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.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Series 2019-F2 Securities, but the inability of the Issuer to pay interest, principal or other amounts may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive. Prospective investors must read the detailed information set out in the Listing Particulars and reach their own views prior to making any investment decision.*

### **GENERAL RISKS**

#### ***General***

The Issuer is a recently incorporated company and, as such, has no historical trading or financial information. In relation to the Series 2019-F2 Securities, the Issuer has, and will have, no assets other than its issued and paid-up share capital, any proceeds received in connection with the issuance of the Series 2019-F2 Securities, the Loan and the Security.

The performance of the Series 2019-F2 Securities is linked directly and wholly to the performance of the Secured Assets as defined below, which may be affected by a large number of factors, many of which are beyond its control. The Issuer is dependent upon acquiring Secured Assets in a timely manner to ensure that the returns due under the Series 2019-F2 Securities can be paid. There can be no guarantee that the Issuer will be able to transact within a timescale and at a cost level that enables the Issuer to meet its obligations to the Noteholders in full. "**Secured Assets**" means (i) the Issuer's rights in respect of the Loan Agreement, (ii) the Assets which are the subject of each (iii) the Issuer's rights in respect of the Transaction Documents and (iv) the Reserve Accounts and, where applicable, over any segregated bank accounts opened by the Issuer.

#### ***Limited resources of the Issuer***

The ability of the Issuer to meet its obligations to pay amounts due under the Series 2019-F2 Securities and its operating and administrative expenses is solely dependent upon the extent of monies received or recovered by or on behalf of the Issuer. In relation to the Series 2019-F2 Securities, such monies consist solely of monies received by way of (a) contractual payments on the Loan, and/or (b) any income earned on the Collateral Account, and/or (c) realisations on enforcement or disposal of the assets subject to the Issuer Security.

The Issuer will not have any other funds available to it to meet its obligations under the Series 2019-F2 Securities or any other payments. There is no assurance that there will be sufficient funds to enable the Issuer to make payments (whether of principal or interest) on any Series 2019-F2 Securities. The Series 2019-F2 Securities are not guaranteed by any other person, nor is recourse available to the Noteholders against any person other than the Issuer for sums owed to them.

***The Issuer's working capital reserves may not be adequate to meet its obligations***

The Issuer intends to maintain working capital reserves to meet its prospective obligations, including operating expenses and administrative expenses. If the Issuer does not have adequate cash reserves to continue its operations Investors could suffer substantial losses unless the Issuer is able to secure additional funds. Under such circumstances, the Issuer may need to borrow funds. There is no assurance that such borrowing will be available at all or on terms acceptable to the Issuer or which present no issues for future payments to Investors.

***The value of the Assets may not be sufficient, and the Issuer may be unable to realise the full value of the collateral securing its loan portfolio***

The value of the collateral securing the Loan may significantly fluctuate or decline due to factors beyond the Issuer's control, including factors specific to the Company, or macroeconomic factors affecting the UK, EEA or world economies generally, or force majeure events (such as natural disasters like floods or landslides). Even where the underlying value of the relevant Assets is unaffected, realization of such assets if required to be made will give rise to cost, timing and potential recoverability risks which may lead to a shortfall in realisation proceeds as against the underlying asset value, giving rise to a loss to Noteholders.

The Issuer may additionally not have sufficiently recent information on the value of the relevant Assets which may result in an inaccurate assessment for impairment of losses secured by that collateral. If this were to occur, the Issuer may need to make additional provisions to cover actual impairment losses of its loans, which may materially and adversely affect its results of operations and financial condition.

***Risks relating to the limited recourse obligations of the Issuer***

The Series 2019-F2 Securities are limited recourse obligations of the Issuer, and recourse under each Series of Securities is limited to the Issuer Security.

The ability of the Issuer to meet its obligations to pay amounts due under the Series 2019-F2 Securities and its operating and administrative expenses is solely dependent upon the extent of monies received or recovered by or on behalf of the Issuer. In relation to the Series 2019-F2 Securities, such monies consist solely of monies received by way of (a) contractual payments on the Loan Agreement, and/or (b) any income earned on the Collateral Account, and/or (c) realisations on enforcement or disposal of the assets subject to the Issuer Security (together, "**Realised Funds**").

If the Realised Funds are insufficient to make payment in full of all amounts then due in respect of the Series 2019-F2 Securities, the other assets of the Issuer (including, without limitation, assets securing any other Series of Securities) will not be available for payment of any shortfall arising therefrom, leading to losses to the Noteholders.

Enforcement or disposal of the assets which are subject to the Issuer Security for the Series 2019-F2 Securities is the only substantive remedy available for the purposes of recovering amounts owed in respect of the Series 2019-F2 Securities. If those assets are insufficient to enable the Issuer to meet its liabilities to the Noteholders, there will be a loss to the Noteholders.

***Risks related to the enforcement of Issuer Security***

The Issuer Security will become enforceable in accordance with the Conditions and will be enforced by the Issuer Security Trustee if an Event of Default has occurred. A substantial amount of time may elapse between the occurrence of an Event of Default and the payment of the proceeds of enforcement to the Noteholders. Hence there is a risk that proceeds of enforcement will be paid out on a date which falls after the scheduled maturity date set out in the Conditions, and/or will be lower than the estimated redemption amount of the Series

2019-F2 Securities, resulting in losses to the Noteholders.

The Issuer Security Trustee will not be required to take any action that would involve any personal liability or expense without first being indemnified and/or prefunded and/or secured to its satisfaction. If the Issuer Security Trustee is not satisfied with its indemnity and/or pre-funding and/or security it may decide not to take such action, without being in breach of its obligations. Noteholders should be prepared to bear the costs associated with any such indemnity and/or pre-funding and/or security and/or the consequences of such inaction by the Trustee. Such inaction by the Trustee will not entitle the Noteholders to proceed themselves directly against the Issuer.

In respect of the Issuer Security, the rights of Noteholders to be paid amounts due under the Series 2019-F2 Securities will be subordinated to (i) the fees, costs, expenses and liabilities due and payable to the Trustee including costs incurred in the enforcement of the Issuer Security and the Trustee's remuneration, (ii) amounts owing to the agents under the Transaction Documents, and (iii) any other claims as specified in the Conditions and the relevant Trust Deed relating to the relevant Series 2019-F2 Securities that rank in priority to the claims of Noteholders, which will include any other claims as specified in the Loan Agreement documentation relating to the relevant Loan Agreement that ranks in priority to the claims of the Issuer (which latter claims may be significant where the Issuer is not a first-ranking charge-holder and which, if such claims are significant and rank in priority to any claims of the Issuer, may seriously deplete or wipe-out any recoveries due to the Issuer, or delay planned recoveries to an extent where it becomes uneconomic to proceed with such planned recoveries).

***Performance risk of Third Parties***

The ability of the Issuer to make payments in respect of the Series 2019-F2 Securities will depend to a significant extent upon the due performance by the Transaction Parties of their respective services, duties, obligations and undertakings under the Transaction Documents. The performance of such parties of their respective services, duties, obligations and undertakings is dependent on the solvency of each relevant party.

***Reliance on the management team of the Borrower***

The Company's success depends on the activities of its directors, managers and partners and if one or more of these were unable or unwilling to continue in their position, the business may be disrupted, and it might not be able to find replacements on a timely basis or with the same level of skill and experience. Finding such replacements could be costly which could adversely impact its financial results.

***Liquidity***

The ability to buy or sell assets at any time may be limited. There is no assurance that any amount of assets can be bought or sold at the desired prices or in the desired quantities.

Like other listed products, the securities issued are priced daily and can be traded at any time according to the terms and conditions of the issuance. A secondary market for the securities exists due to appointed market makers who are not bound by the normal market size restrictions which are typical on the London Stock Exchange (as at the date of publication of this document, the limit is 25,000 on the LSE). Contact details for market makers are available on request from the Issuer or Bedford Row Capital Advisers. Trading size in CREST is in 1 increments and no fractional units are available; trading amounts will have to be rounded to the nearest whole number of securities. Where there is Available liquidity in the market in excess of 100,000, this will be reflected in the pricing quoted on the Bloomberg page BEDF.

Historical turnover information will be published in the accounts of the Issuer and is available from the Issuer and Bedford Row Capital Advisers on request.

***Enforcement Risks***

The assets of the Issuer may involve enforcement under Polish Law. In the case of an enforcement, there may be a delay in the realising the value of the assets due to the varied nature of the jurisdictional procedures for enforcement. It is possible that where there are assets in more than one jurisdiction, it will be both expensive and timely to realise value from enforcement. Although charges will be registered in relevant countries by the Borrower, none of the Issuer or any Secured Parties will have any obligation to review or confirm the arrangements within these transaction documents.

***Minor Investments***

The ability of the Borrower to buy or sell assets in the case of enforcement may be restricted due to a minority shareholding in the underlying investment. It is the intention of the Company to enter in to shareholder agreements which protect the rights of the Company to sell its position in an investment. Minority rights which are typically included in joint venture agreements or shareholders agreements will be the responsibility of the management of the Borrower. None of the Issuer or any Secured Parties will have any obligation to review or confirm the arrangements within these transaction documents.

## **PRINCIPAL DOCUMENTS**

*This section, together with the Listing Particulars, lists principal documents relating to the Series 2019-F2 Securities. Copies of the Trust Deed, Inter-creditor Deed, Servicer Agreement, Listing Particulars and Pricing Supplement are available for inspection during normal business hours at the registered office of the Issuer. The Noteholders are bound by, and are deemed to have notice of, all the provisions of the agreements.*

**Pricing Supplement**

**11 April 2019**

**Issue of up to £13,500,000**

**8% FIXED RATE SECURED NOTES DUE 2024**

**under the £2,000,000,000 Secured Medium-Term Exchange Traded Product  
Programme**

**ISIN: GB00BJVK2Q19**

**SEDOL: BJVK2Q1**

**Series 2019-F2**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Listing Particulars dated 14 August 2017 which constitutes a Listing Particulars (the "**Listing Particulars**").

Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of this Pricing Supplement and the Listing Particulars. The Listing Particulars are available for viewing during normal business hours at 1 Bedford Row, London, WC1R 4BZ and copies may be obtained from the Issuer on request.

1.	Issuer:	Balise Springs PLC
2.	(i) Series Number:	2019-F2
	(ii) Tranche Number:	1
	(iii) Date on which the Notes become fungible:	Not Applicable
3.	Specified Currency or	GBP

	Currencies:	
4.	Aggregate Nominal Amount:	Up to 13,500,000
	(i) Series:	2019-F2
	(ii) Tranche:	1
5.	Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
6.	(i) Specified Denominations:	£100,000 and increments of 1 thereafter
	(ii) Calculation Amount:	£100,000
7.	(i) Issue Date:	11 April 2019
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	11 April 2024
9.	Interest Basis:	Fixed Rate
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Call Option
13.	Date Board approval for issuance of Notes obtained:	22 March 2019
<b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b>		
14.	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	8 per cent. per annum
	(ii) Interest Payment Dates:	11 April and 11 October
	(iii) Fixed Coupon Amount:	4,000 per Calculation Amount
	(iv) First Interest Payment Date:	11 October 2019

	(v) Day Count Fraction:	30E/360
15.	Floating Rate Note Provisions	Not Applicable
16.	Zero Coupon Note Provisions	Not Applicable
<b>PROVISIONS RELATING TO REDEMPTION</b>		
17.	Call Option	Applicable
	(i) Optional Redemption Date(s):	11 <sup>th</sup> April 2022 or 11 <sup>th</sup> April 2023.
	(ii) Optional Redemption Amount and method, if any, of calculation of such amount(s):	103.00 per Calculation Amount at the Optional Redemption Date.
	(iii) If redeemable in part:	Not Applicable
	(iv) Notice period:	60 days
18.	Put Option	Not Applicable
19.	Final Redemption Amount of each Note	£100,000 per Calculation Amount
20.	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on redemption:	£100,000 per Calculation Amount
21.	Early Termination Amount	£100,000 per Calculation Amount
22.	Unmatured coupons void	Not Applicable
<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>		
23.	Form of Notes:	Registered Notes issued in accordance with the usual procedures of Euroclear UK and Ireland Limited (Crest)
24.	New Global Note:	No
25.	Additional Financial Centre(s) or other special provisions relating to payment dates:	Not Applicable
26.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such	No

Talons mature):
<b>THIRD PARTY INFORMATION</b>
Not Applicable
Signed on behalf of Balise Springs PLC:
By: .....  .....
Duly authorized

**PART B – OTHER INFORMATION**

1.	(i) Listing and admission to trading	Application will be made to the Frankfurt Stock Exchange by the Issuer (or on its behalf) for the Notes to be admitted to listing and trading with effect from the Issue Date.  Application will be made to Euronext Dublin by the Issuer (or on its behalf) for the Notes to be admitted to listing on the Global Exchange Market with effect from the Issue Date.
	(ii) Estimated total expenses related to admission to trading:	€25,000
2.	Ratings	Ratings: The Notes to be issued are not due to be rated.
3.	Interests of natural and legal persons involved in the issue/offer	Save as discussed in " <i>Subscription and Sale</i> ", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.
4.	Fixed Rate Notes only – Yield	
	Indication of Yield:	8 per cent. per annum. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
5.	Floating rate notes only - historic interest rates	Not Applicable
6.	Operational information	

	ISIN code:	GB00BJVK2Q19
	Common code:	BJVK2Q1
	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s):	The Notes will also be made eligible for CREST.
	Intended to be held in a manner which would allow eurosystem eligibility:	No
7.	Distribution	
	U.S. selling restrictions:	Regulation S Compliance Category 2
8.	Name and address of any paying agents and depositary agents:	Avenir Registrars 5 St John's Lane London EC1M 4BH

**Pricing Supplement**

**11 April 2019**

**Issue of up to €16,000,000**

**8% FIXED RATE SECURED NOTES DUE 2024**

**under the £2,000,000,000 Secured Medium Term Exchange Traded Product  
Programme**

**ISIN: GB00BJVK2P02**

**SEDOL: BJVK2P0**

**Series 2019-F2**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Listing Particulars dated 14 August 2017 which constitutes a Listing Particulars (the "**Listing Particulars**").

Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of this Pricing Supplement and the Listing Particulars. The Listing Particulars are available for viewing during normal business hours at 1 Bedford Row, London, WC1R 4BZ and copies may be obtained from the Issuer on request.

1.	Issuer:	Balise Springs PLC
2.	(i) Series Number:	2019-F2
	(ii) Tranche Number:	1
	(iii) Date on which the Notes become fungible:	Not Applicable
3.	Specified Currency or Currencies:	EUR
4.	Aggregate Nominal Amount:	Up to 16,000,000
	(i) Series:	2019-F2

	(ii) Tranche:	1
5.	Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
6.	(i) Specified Denominations:	€100,000 and increments of 1 thereafter
	(ii) Calculation Amount:	€100,000
7.	(i) Issue Date:	11 April 2019
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	11 April 2024
9.	Interest Basis:	Fixed Rate
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Not Applicable
13.	Date Board approval for issuance of Notes obtained:	22 March 2019
<b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b>		
14.	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	8 per cent. per annum
	(ii) Interest Payment Dates:	11 April and 11 October
	(iii) Fixed Coupon Amount:	4,000 per Calculation Amount
	(iv) First Interest Payment Date:	11 October 2019
	(v) Day Count Fraction:	30E/360
15.	Floating Rate Note Provisions	Not Applicable
16.	Zero Coupon Note Provisions	Not Applicable

<b>PROVISIONS RELATING TO REDEMPTION</b>		
17.	Call Option	Applicable
	(i) Optional Redemption Date(s):	11 <sup>th</sup> April 2022 or 11 <sup>th</sup> April 2023.
	(ii) Optional Redemption Amount and method, if any, of calculation of such amount(s):	103.00 per Calculation Amount at the Optional Redemption Date.
	(iii) If redeemable in part:	Not Applicable
	(iv) Notice period:	60 days
18.	Put Option	Not Applicable
19.	Final Redemption Amount of each Note	€100,000 per Calculation Amount
20.	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on redemption:	€100,000 per Calculation Amount
21.	Early Termination Amount	€100,000 per Calculation Amount
22.	Unmatured coupons void	Not Applicable
<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>		
23.	Form of Notes:	Registered Notes issued in accordance with the usual procedures of Euroclear UK and Ireland Limited (Crest)
24.	New Global Note:	No
25.	Additional Financial Centre(s) or other special provisions relating to payment dates:	Not Applicable
26.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No

<b>THIRD PARTY INFORMATION</b>
Not Applicable
Signed on behalf of Balise Springs PLC:  By: .....  .....
Duly authorized

**PART B – OTHER INFORMATION**

1.	(i) Listing and admission to trading	<p>Application will be made to the Frankfurt Stock Exchange by the Issuer (or on its behalf) for the Notes to be admitted to listing and trading with effect from the Issue Date.</p> <p>Application will be made to Euronext Dublin by the Issuer (or on its behalf) for the Notes to be admitted to listing on the Global Exchange Market with effect from the Issue Date.</p>
	(ii) Estimated total expenses related to admission to trading:	€25,000
2.	Ratings	Ratings: The Notes to be issued are not due to be rated.
3.	Interests of natural and legal persons involved in the issue/offer	Save as discussed in " <i>Subscription and Sale</i> ", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.
4.	Fixed Rate Notes only – Yield	
	Indication of Yield:	8 per cent. per annum. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
5.	Floating rate notes only - historic interest rates	Not Applicable
6.	Operational information	
	ISIN code:	GB00BJVK2P02
	Common code:	BJVK2P0
	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s):	The Notes will also be made eligible for CREST.
	Intended to be held in a manner which would allow eurosystem eligibility:	No

7.	Distribution	
	U.S. selling restrictions:	Regulation S Compliance Category 2
8.	Name and address of any paying agents and depositary agents:	Avenir Registrars 5 St John's Lane London EC1M 4BH

## TERMS AND CONDITIONS OF THE SECURITIES

The following is the text of the terms and conditions which, as completed by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. Subject to this, to the extent permitted by applicable law and/or regulation, the Pricing Supplement in respect of any Tranche of Securities may complete any information in this Listing Particulars.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Securities while in Global Form" below.

### 1. Introduction

- (a) *Programme*: Balise Springs PLC (the "**Issuer**") has established a Secured Note Programme (the "**Programme**") for the issuance of Securities (the "**Securities**").
- (b) *Pricing Supplement*: Securities issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Securities. Each Tranche is the subject of a Pricing Supplement (the "**Pricing Supplement**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Securities are these Conditions as completed by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- (c) *Trust Deed*: The Securities are constituted by, are subject to, and have the benefit of, a trust deed made with effect from 14 August 2017 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and Truva Trustees Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed).
- (d) *Deed of Charge*: Under a deed of charge made with effect from 14 August 2017 between the Issuer and the Trustee (as amended or supplemented from time to time, the "**Issuer Deed of Charge**") the Securities of a Series will be secured in favour of the Trustee (for the benefit of the Noteholders and the Issuer Secured Creditors in respect of such Series) (as defined below) by a fixed first priority charge over all of its rights in respect of the Secured Assets and the Transaction Documents to the extent that they relate to such Series and, where applicable, over any segregated bank accounts opened by the Issuer in respect of such Series.
- (e) *Intercreditor Deed*: The Securities have the benefit of an intercreditor deed dated 14 August 2017 between the Issuer and the Trustee (as amended or supplemented from time to time, the "**Intercreditor Deed**").
- (f) *Agency Agreement*: The Securities are the subject of an issue and paying agency agreement made with effect from 14 August 2017 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Avenir Registrars Limited as paying agent (the "**Paying Agent**", which expression includes any successor Paying Agent appointed from time to time in connection with the Securities), Avenir Registrars Limited as registrar and transfer agent (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Securities), the paying agents named therein (together with the Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Securities), the transfer agents named therein (together with

the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Securities) and the Trustee.

- (g) *Servicer Agreement*: The Securities are the subject of a Servicer Agreement (as modified and/or supplemented and/or restated from time to time, the "**Servicer Agreement**") 14 August 2017 and made between the Issuer and Bedford Row Capital Advisers Limited as servicer (the "**Servicer**", which expression shall include any successor servicer).
- (h) *Collateral Adviser*: If so specified in the Pricing Supplement, the Securities are the subject of a Collateral Adviser Agreement (as modified and/or supplemented and/or restated from time to time, the "**Collateral Adviser Agreement**") dated on or about the Issue Date. In these Conditions references to the "**Agents**" are to the Paying Agents, the Registrar, the Transfer Agents, the Servicer, the Calculation Agent and, if applicable, the Collateral Adviser and any reference to an "**Agent**" is to any one of them.
- (i) *The Securities*: The Securities may be issued in bearer form ("**Bearer Securities**"), or in registered form ("**Registered Securities**"). Pursuant to the Issuer's Articles of Association, the execution by the Issuer of any Bearer Securities or Note Certificates (as defined below) representing Registered Securities issued under the Programme will be under hand and not under seal. All subsequent references in these Conditions to "Securities" are to the Securities which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for viewing at the registered office of the Trustee (Truva Trustees Limited) and the Specified Office of the Paying Agent.
- (j) *Summaries*: Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any; (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of and are entitled to the benefit of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders and Couponholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below. The Trustee acts for the benefit of the Noteholders and the Couponholders in accordance with the provisions of the Trust Deed.

## 2. Interpretation

- (a) *Definitions*: In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Pricing Supplement;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Borrower**" means each borrower party to a Borrower Loan Agreement;

"**Borrower Deed of Charge**" means each deed of charge entered into between the Issuer and a Borrower under which the obligations of each Borrower in respect of a

Borrower Loan will be secured in favour of the Issuer;

**"Borrower Loan"** means a loan advanced by the Issuer to a Borrower pursuant to a Borrower Loan Agreement;

**"Borrower Loan Agreement"** means each loan agreement entered into between the Issuer and a Borrower;

**"Business Day"** means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

**"Business Day Convention"**, in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in

accordance with any Business Day Convention;

**"Calculation Agent"** means Bedford Row Capital Advisors Ltd or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

**"Calculation Amount"** has the meaning given in the relevant Pricing Supplement;

**"Coupon Sheet"** means, in respect of a Note, a coupon sheet relating to the Note;

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

(vi) if **"Actual/Actual (ICMA)"** is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(z) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(y) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(vii) if **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(viii) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;

(ix) if **"Actual/365 (Sterling)"** is so specified, means the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(x) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;

(xi) if **"30/360"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

360

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30";

- (xii) if "30E/360" or "Eurobond Basis" is so specified, the number of days in the Calculation 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:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (xiii) if "30E/360 (ISDA)" is so specified, the number of days in the Calculation 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:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation 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 D<sub>2</sub> will be 30,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**euro**" means the single currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended;

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

"**Financial Collateral Assets**" means, without limitation, (a) cash and (b) debt securities.

"**First Interest Payment Date**" means the date specified in the relevant Pricing Supplement;

"**Fixed Coupon Amount**" has the meaning given in the relevant Pricing Supplement;

"**Holder**", in the case of Bearer Securities, has the meaning given in Condition 3(b) (*Form, Denomination and Title - Title to Bearer Securities*) and, in the case of Registered Securities, has the meaning given in Condition 3(d) (*Form, Denomination and Title -*

*Title to Registered Securities);*

**"Indebtedness"** means any indebtedness for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (xiv) amounts raised by acceptance under any acceptance credit facility;
- (xv) amounts raised under any note purchase facility;
- (xvi) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (xvii) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (xviii) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**"Interest Amount"** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**"Interest Commencement Date"** means the Issue Date of the Securities or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

**"Interest Determination Date"** has the meaning given in the relevant Pricing Supplement;

**"Interest Payment Date"** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

- (xix) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (xx) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Definitions"** means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Securities of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Pricing Supplement, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Securities of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.);

**"Issuer Secured Creditors"** means each of (a) the Noteholders, (b) the Couponholders, (c) the Trustee, and (d) the Agents;

**"Issue Date"** has the meaning given in the relevant Pricing Supplement;

**"LIBOR"** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the British Bankers' Association based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

**"Margin"** has the meaning given in the relevant Pricing Supplement;

**"Maturity Date"** has the meaning given in the relevant Pricing Supplement;

**"Maximum Redemption Amount"** has the meaning given in the relevant Pricing Supplement;

**"Minimum Redemption Amount"** has the meaning given in the relevant Pricing Supplement;

**"Moody's"** means Moody's Investor Services Limited or any successor thereof;

**"Noteholder"**, in the case of Bearer Securities, has the meaning given in Condition 3(b) (*Form, Denomination and Title - Title to Bearer Securities*) and, in the case of Registered Securities, has the meaning given in Condition 3(d) (*Form, Denomination and Title - Title to Registered Securities*);

**"Optional Redemption Amount (Call)"** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

**"Optional Redemption Amount (Put)"** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Pricing Supplement;

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Pricing Supplement;

**"Payment Business Day"** means:

(xxi) if the currency of payment is euro, any day which is:

- (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
- (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(xxii) if the currency of payment is not euro, any day which is:

- (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
- (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of

the currency of payment and in each (if any) Additional Financial Centre;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency provided, however, that in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Quotation Time"** has the meaning given in the relevant Pricing Supplement;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Securities specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Pricing Supplement;

**"Redemption Margin"** has the meaning given in the relevant Pricing Supplement;

**"Reference Banks"** means four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**"Reference Date"** will be set out in the relevant notice of redemption;

**"Reference Price"** has the meaning given in the relevant Pricing Supplement;

**"Reference Rate"** means EURIBOR or LIBOR as specified in the relevant Pricing Supplement in respect of the currency and period specified in the relevant Pricing Supplement;

**"Register"** means the register maintained by the Registrar in respect of the Securities in accordance with the Agency Agreement;

**"Regular Period"** means:

(xxiii) in the case of Securities where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(xxiv) in the case of Securities where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but

not the year) on which any Interest Payment Date falls; and

(xxv) in the case of Securities where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Pricing Supplement;

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or Borrowing the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Pricing Supplement;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Securities, to reduce the amount of principal or interest payable on any date in respect of the Securities, to alter the method of calculating the amount of any payment in respect of the Securities or the date for any such payment, to change the currency of any payment under the Securities or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Secured Assets**" means the Borrower Loans, the Financial Collateral Assets and each Borrower Deed of Charge.

"**Security**" means any Security Interest created, evidenced or conferred by or under the Trust Deed and the Issuer Deed of Charge;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Secured Liabilities**" means all present and future moneys, debts and liabilities due, owing or incurred by the Issuer to the Issuer Secured Creditors;

"**Specified Currency**" has the meaning given in the relevant Pricing Supplement;

"**Specified Denomination(s)**" has the meaning given in the relevant Pricing Supplement;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Pricing Supplement;

**"Standard & Poor's"** means Standard & Poor's Rating Services or any successor thereof;

**"Subsidiary"** means, in relation to the Issuer, any company:

(xxvi) in which the Issuer holds a majority of the voting rights; or

(xxvii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors; or

(xxviii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is Subsidiary of a Subsidiary of the Issuer.

**"Talon"** means a talon for further Coupons;

**"TARGET2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**"TARGET Settlement Day"** means any day on which TARGET2 is open for the settlement of payments in euro;

**"Transaction Documents"** means the Trust Deed, the Issuer Deed of Charge, the Agency Agreement, the Intercreditor Deed and the Servicer Agreement;

**"Treaty"** means the Treaty establishing the European Communities, as amended; and

**"Zero Coupon Note"** means a Note specified as such in the relevant Pricing Supplement.

(b) *Interpretation:* In these Conditions:

- (i) if the Securities are Zero Coupon Securities, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Securities at the time of issue, references to Coupons and Couponholders shall be deemed to include references to Talons and holders of Talons, respectively;
- (iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Securities at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Securities being "outstanding" shall be construed in accordance with the Trust Deed;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing

Supplement gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Securities; and

- (viii) any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Securities.

### 3. Form, Denomination and Title

- (a) Bearer Securities: Bearer Securities are in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, one Talon attached at the time of issue. In the case of a Series of Bearer Securities with more than one Specified Denomination, Bearer Securities of one Specified Denomination will not be exchangeable for Bearer Securities of another Specified Denomination.
- (b) *Title to Bearer Securities:* Title to Bearer Securities and the Coupons will pass by delivery. In the case of Bearer Securities, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.
- (c) *Registered Securities:* Registered Securities are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.
- (d) *Title to Registered Securities:* The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Securities in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Securities, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.
- (e) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Securities, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No Person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.
- (f) *Transfers of Registered Securities:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below and to the conditions set forth in the Agency Agreement, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Securities transferred and (where not all of the Registered Securities held by a Holder are being transferred) the principal amount of the balance of Registered Securities not transferred are Specified Denominations. Where not all the

Registered Securities represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Securities will be issued to the transferor.

- (g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Securities*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Securities transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Securities.
- (j) *Regulations concerning transfers and registration:* All transfers of Registered Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar.

#### **4. Status and Application of Moneys**

- (a) *Status:* The Securities and Coupons constitute secured obligations of the Issuer which will at all times rank *pari passu* and without preference among themselves.
- (b) *Application of Moneys:* All moneys received by the Trustee in respect of the Securities or recovered by the Trustee or any Receiver following the enforcement of the Security despite any appropriation of all or part of them by the Issuer (including any moneys which represent principal or interest in respect of Securities or Coupons which have become void under the Conditions) shall be held by the Trustee on trust to apply them in the following order of priority pursuant to the terms of the Trust Deed:
  - (i) first, in or towards satisfaction of (x) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts incurred by the Trustee in preparing and executing the trusts and performing any obligations under the Transaction Documents; (y) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to any Receiver, including in the case of either the Trustee or a Receiver the costs of enforcing and/or realising any Security;
  - (ii) second, in or towards satisfaction of the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to the Agents under the Transaction Documents;
  - (iii) third, in or towards payment of all arrears of interest remaining unpaid in

respect of the Securities or Coupons and all principal moneys due on or in respect of the Securities; and

(iv) fourth, the balance (if any) in payment to the Issuer.

#### **5. Security and Covenants**

- (a) *Grant of Security.* In relation to each Series, the Trustee, the Noteholders and the other Issuer Secured Creditors of such Series will share in the benefit of the Security granted in respect of such Series. The Security is granted by the Issuer under the Trust Deed and the Issuer Deed of Charge in the favour of the Trustee, on trust for and on behalf of itself, the Noteholders and the other Issuer Secured Creditors on the terms of the Trust Deed and the Issuer Deed of Charge, as security for the Secured Liabilities.
- (b) *Security.* The Security in relation to a Series comprises of:
- (i) an assignment by way of first fixed security of all of its right, title, benefit and interest, present and future, in, to and under each of the Transaction Documents to the extent that they relate to such Series;
  - (ii) an assignment by way of first fixed security of all of its right, title, benefit and interest, present and future, in, to and under each Borrower Loan Agreement, each Borrower Deed of Charge and each Financial Collateral Asset relating to such Series; and
  - (iii) a first fixed charge of all monies from time to time standing to the credit of any segregated bank account with any bank, financial institution or other person opened in respect of such Series, together with all other rights and benefits accruing to or arising in connection with each account (including, but not limited to, entitlements to interest); and
  - (iv) a first fixed charge of all its rights in respect of each Transaction Document, each Borrower Loan Agreement, each Borrower Deed of Charge and each Financial Collateral Asset, in each case relating to such Series, to the extent not effectively assigned under Condition 5(b)(i) or (ii) above; and
  - (v) a floating charge of all monies from time to time standing to the credit of any segregated bank account with any bank, financial institution or other person opened in respect of such Series, together with all other rights and benefits accruing to or arising in connection with each account (including, but not limited to, entitlements to interest) and a floating charge of all its rights in respect of each Transaction Document, each Borrower Loan Agreement, each Borrower Deed of Charge and each Financial Collateral Asset, in each case relating to such Series, in each case to the extent not effectively assigned under Condition 5(b)(i) or (ii) above or charged under Condition 5(b)(iii) or (iv) above

#### **6. Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 is applicable to the Securities only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Securities bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Bearer Securities*) and Condition 11 (*Payments - Registered Securities*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will

continue to bear interest in accordance with this Condition 6(b) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Securities are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose, a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

#### **7. Floating Rate Note Provisions**

- (a) *Application:* This Condition 7 is applicable to the Securities only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Securities bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Bearer Securities*) and Condition 11 (*Payments - Registered Securities*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Paying Agent has notified the Noteholders that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Securities for each Interest Period will be determined by the Calculation Agent on the following basis:
  - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Securities during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Securities in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Securities for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.
- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the

Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

- (f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose, a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Securities have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the fourth London Business Day thereafter. Notice thereof shall also promptly be given to the Noteholders. For the purposes of this paragraph (g) the expression "**London Business Day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in London. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (h) *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (in the absence of wilful default) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (i) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7 by the Calculation Agent or the Trustee, as the case may be, shall (in the absence of manifest error) be binding on the Issuer, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

#### **8. Zero Coupon Note Provisions**

- (a) *Application:* This Condition 8 is applicable to the Securities only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Late payment on Zero Coupon Securities:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Paying Agent has notified the Noteholders that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is any subsequent default in payment).

#### **9. Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Securities will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments - Bearer Securities*) and Condition 11 (*Payments - Registered Securities*).
- (b) *Redemption for tax reasons:* The Securities may be redeemed at the option of the Issuer in whole, but not in part:
  - (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Pricing Supplement as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders, the Trustee and the Paying Agent (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Securities; and
  - (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,
- provided, however, that** no such notice of redemption shall be given earlier than:
- (1) where the Securities may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Securities were then due; or

- (2) where the Securities may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Securities were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (a) if the Trustee so requests, an opinion of independent legal advisers to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment, and (b) 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.

The Trustee shall be entitled to accept without liability such opinion and/ or such certificate as sufficient evidence of the satisfaction of the circumstances set out above, in which event it shall be conclusive and binding on the Noteholders and Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Securities in accordance with this Condition 9(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Securities may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, the Trustee and the Paying Agent, or such other period(s) as may be specified in the relevant Pricing Supplement, (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities or, as the case may be, the Securities specified in such notice on the relevant Optional Redemption Date (Call)) at the applicable amount specified in the relevant Pricing Supplement (together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date) being the Optional Redemption Amount (Call).

On the date specified for redemption in the notice given by the Issuer, the Issuer shall redeem the Securities as specified in the notice in accordance with this Condition 9(c).

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 9(c) by the Paying Agent, shall (in the absence of manifest error), be binding on the Issuer, the Paying Agent, the Trustee, the Paying Agents, the Registrar (if applicable) and all Noteholders and Couponholders.

- (d) *Partial redemption:* If the Securities are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), in the case of Bearer Securities, the Securities to be redeemed shall be selected by the drawing of lots in such place as the Paying Agent approves and in such manner as the Paying Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Securities have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Securities so to be redeemed, and, in the case of Registered Securities, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Securities to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Securities on such

date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Pricing Supplement), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall, in the case of a Bearer Note, hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt and, in the case of a Registered Note, mail such Registered Note by uninsured post to, and at the risk of, the Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice. For so long as any outstanding Bearer Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Bearer Note and not such Paying Agent shall be deemed to be the holder of such Bearer Note for all purposes. Registered Securities may be redeemed under this Condition 9(e) in any multiple of their lowest Specified Denomination.
- (f) *No other redemption:* The Issuer shall not be entitled to redeem the Securities otherwise than as provided in paragraphs (a) to (e) above.
- (g) *Early redemption of Zero Coupon Securities:* Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 9(g) or, if none is so specified, a Day Count Fraction of 30/360, Actual 360 or Actual 365 (Fixed).

- (h) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Securities in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (i) *Cancellation:* All Securities so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

#### 10. Payments - Bearer Securities

This Condition 10 is only applicable to Bearer Securities.

- (a) *Principal:* Payments of principal shall be made only against presentation and **(provided that** payment is made in full) surrender of Bearer Securities at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and **(provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Bearer Securities will be subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) 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 (inclusive) of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.
- (d) *Deductions for unmatured Coupons:* If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
  - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less,

the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (e) *Unmatured Coupons void*: If the relevant Pricing Supplement specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(c) (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (f) *Payments on business days*: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (g) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Securities at the Specified Office of any Paying Agent outside the United States.
- (h) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (i) *Exchange of Talons*: On or after the relevant Interest Payment Date in respect of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Securities, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

#### **11. Payments - Registered Securities**

This Condition 11 is only applicable to Registered Securities.

- (a) *Principal*: Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a

bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

- (b) *Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Registered Securities will be subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*) 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 (inclusive) of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.
- (d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 11 arriving after the due date for payment or being lost in the mail.
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

## 12. Taxation

- (a) *Gross up:* All payments of principal and interest in respect of the Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Coupon holders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
- (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
  - (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to 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, this Directive; or
  - (iii) 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 EU; or
  - (iv) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the United Kingdom references in these Conditions to the United Kingdom shall be construed as references to the United Kingdom and/or such other jurisdiction.

### **13. Events of Default**

If any of the following events occurs and is continuing, the Trustee at its discretion may and, if so requested in writing by holders of at least one-quarter of the aggregate principal amount of the outstanding Securities or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or prefunded and/or provided with security to its satisfaction) give written notice to the Issuer declaring the Securities to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest without further action or formality:

- (a) if default is made in the payment of any principal or interest due in respect of the Securities or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30

days (or such longer period as the Trustee may agree) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

- (c) if:
- (i) any Indebtedness of the Issuer becomes due and repayable prematurely by reason of an event of default (however described); or
  - (ii) the Issuer fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any applicable grace period; or
  - (iii) default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness of any other person on the due date for payment as extended by any applicable grace period,

provided that no event described in this subparagraph (c) shall constitute an Event of Default unless the relevant amount of Indebtedness or guarantee and/or indemnity given by it in relation to any Indebtedness, either alone or when aggregated (without duplication) with other amounts of Indebtedness and/or guarantee and/or indemnity given by it in relation to any Indebtedness relative to all (if any) other events specified in (i) to (iii) above which have occurred and are continuing, amounts to at least £20,000,000 (or its equivalent in any other currency).

A certificate or report by two directors of the Issuer whether or not addressed to the Trustee that in their opinion the £20,000,000 (or its equivalent in any other currency) mentioned in the proviso to (c) above has been reached may be relied upon by the Trustee without liability and without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties; or

- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer save for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- (e) if the Issuer ceases to carry on all or substantially all of its business, save for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or the Issuer is unable to pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer in relation to the whole or a substantial part of the undertaking or its assets, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or its assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or its assets and (B) in any case is not being contested in good faith by the Issuer or is not discharged or stayed within 45 days; or
- (g) if the Issuer initiates or consents to judicial proceedings relating to itself under any

applicable liquidation, insolvency, composition, or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution.

#### **14. Prescription**

Claims for principal in respect of Bearer Securities shall become void unless the relevant Bearer Securities are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Securities shall become void unless the relevant Coupons (which for this purpose shall not include Talons) are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Securities shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

#### **15. Replacement of Securities, Coupons or Talons**

If any Note, Note Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Paying Agent, in the case of Bearer Securities, or the Registrar, in the case of Registered Securities (and, if the Securities are then 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 or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Securities, Note Certificates, Coupons or Talons must be surrendered before replacements will be issued.

#### **16. Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and/or secured and/or prefunded and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

In the exercise of its trusts, rights, powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the general interests of the Noteholders as a class and will not have regard or be responsible for any consequence for individual Holders of Securities as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction 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 to the extent already provided for in Condition 12 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 12 (*Taxation*) pursuant to the Trust Deed.

In acting under the Agency Agreement and in connection with the Securities and the Coupons, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor Paying Agent or Registrar or Calculation Agent and additional or successor Paying Agents in the manner specified in the Agency Agreement; **provided, however, that:**

- (i) the Issuer shall at all times maintain a Paying Agent and a Registrar; and
- (ii) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (iii) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent; and
- (iv) if and for so long as the Securities 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 and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

#### **17. Meetings of Noteholders; Modification and Waiver; Substitution**

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Securities, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Securities or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Securities held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Securities form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and

Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Securities which resolution of will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification and waiver:* The Trustee and the Issuer may, without the consent of the Noteholders, agree to any modification of the Securities, these Conditions, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Securities, these Conditions, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders or Couponholders, authorise or waive any proposed breach or breach of the Securities, these Conditions or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter. Any such authorisation, waiver or modification shall be binding on the Noteholders and the Couponholders.

- (c) *Substitution:* The Trust Deed contains provisions under which the Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) of any other company being a Subsidiary of the Issuer as the principal debtor under the Securities, the Coupons and the Trust Deed **provided that** certain conditions specified in the Trust Deed are fulfilled.

No Noteholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder or Couponholder, except to the extent provided for in Condition 12 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

The Issuer shall procure that, so long as the Securities are listed on the CISEA, any material amendments or modifications to the Conditions, the Trust Deed or such other conditions made pursuant to this Condition 17(c) (*Substitution*) shall be notified to the CISEA.

#### **18. Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings and/or steps or action (including lodging an appeal in any proceedings) as it thinks fit to enforce its rights under the Transaction Documents or the Securities or the Coupons and, at any time after the Security has become enforceable, the Trustee may at its discretion and without notice, take such steps, actions and proceedings as it may see fit to enforce the Security, but it shall not be bound to do so unless:

- (i) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Securities or has been so

directed by an Extraordinary Resolution; and

- (ii) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

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

#### **19. Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or Couponholders and in accordance with the Trust Deed, create and issue further Securities having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Securities. The Issuer may from time to time, without the consent of the Noteholders or Couponholders, incur, create or issue further secured or unsecured Securities or other Indebtedness.

#### **20. Notices**

- (a) *Bearer Securities*: Notices to the Holders of Bearer Securities shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Securities.
- (b) *Registered Securities*: Notices to the Holders of Registered Securities shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing
- (c) 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 other relevant authority on which the Securities are for the time being listed or by which they have been admitted to trading.

#### **21. Currency Indemnity**

If any sum due from the Issuer in respect of the Securities or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Securities, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the

Issuer and delivered to the Issuer or to the Specified Office of the Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## **22.Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (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 U.S. 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.

## **23.Limited Recourse and Non-Petition**

- (a) All payments to be made by the Issuer in respect of the Notes of a particular Series will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer and which are attributable to the relevant Series.
- (b) In relation to any sums received or recovered, the Issuer shall determine to which Series such sums relate and such determination shall be binding on Noteholders of all Series in the absence of manifest error.
- (c) In the event that the Issuer is unable to make or, following a request by the Trustee fails to make, the determination in Condition 23(b), such determination may be made by the Trustee or by such person as is directed by the Trustee. No liability shall attach to the Trustee as a result of such determination.
- (d) To the extent that the sums referred to in Condition 23(a) are less than the amount which the Noteholders may have expected to receive (the difference being referred to as the shortfall), such shortfall will be borne by the Noteholders.
- (e) Each Noteholder, by subscribing for and purchasing Notes, will be deemed to accept and acknowledge that it is fully aware that:
  - (i) the Noteholders shall look solely to the sums referred to in this Condition 23 as applied in accordance with the above paragraphs (the "Relevant Sums"), for payments to be made by the Issuer in respect of the Notes;
  - (ii) the Noteholders of any Series shall not look to the sums which are attributable to another Series in satisfaction of the obligations of the Issuer;
  - (iii) the obligations of the Issuer to make payments in respect of the Notes will be limited to the Relevant Sums and the Noteholders shall have no further recourse to the Issuer or its shareholders, directors, officers, successors or assigns in respect of the Notes;

- (iv) without prejudice to the foregoing, any right of the Noteholders to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and
- (v) the Noteholders shall not be able to petition for the winding up of the Issuer as a consequence of such shortfall.
- (f) Non-payment of any shortfall shall not constitute an Event of Default under Condition (*Events of Default*).
- (g) None of the Trustee and the Agents has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes.

#### **24. Governing Law**

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

## **GENERAL INFORMATION**

### Authorisation

The issue of the Series 2019-F2 Securities was authorised by a resolution of the board of directors of the Issuer passed on 22<sup>nd</sup> March 2019. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of Series 2019-F2 Securities.

### **DOCUMENTS ON DISPLAY**

Copies of the following documents may be inspected physically in hard copy during normal business hours at the offices of Issuer at 1 Bedford Row, London WC1R 4BZ for 12 months from the date of this Investment Memorandum:

1. the constitutive documents of the Issuer;
2. the Agency Agreement; and
3. the Trust Deed.

### **TRUSTEE'S ACTION**

The Conditions and the Trust Deed provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Trustee to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. Where the Trustee is unable to take any action, the Noteholders are permitted by the Conditions and the Trust Deed to take the relevant action directly.

### **POST-ISSUANCE REPORTING**

The Issuer does not intend to provide post-issuance transaction information regarding any issues of Securities or regarding the Issuer Security.

### **LEGAL COUNSEL - DISCLAIMER**

Greenwoods GRM LLP acts as English legal counsel to the Issuer and the Trustee. In connection with the Issuer's offering of Securities and subsequent advice to the Issuer and the Trustee, Greenwoods GRM LLP will not be representing Noteholders or applicants. No independent legal counsel has been retained to represent the Noteholders. Greenwoods GRM LLP's representation of the Issuer is limited to specific matters as to which it has been consulted by the Issuer. There may exist other matters that could have a bearing on the Issuer as to which Greenwoods GRM LLP has not been consulted. In addition, Greenwoods GRM LLP does not undertake to monitor compliance by the Issuer of its obligations under the Securities nor does Greenwoods GRM LLP monitor ongoing compliance with applicable laws.

In connection with the preparation of this Investment Memorandum, Greenwoods GRM LLP does not accept responsibility in relation to any other matters referred to or disclosed in this Investment Memorandum. In the course of advising the Issuer, there are times when the interests of Noteholders may differ from those of the Issuer. Greenwoods GRM LLP does not represent the Noteholders' interests in resolving these issues. In reviewing this Investment Memorandum, Greenwoods GRM LLP has relied upon information furnished to it by the Issuer and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Issuer.

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **PARTIES**

### **REGISTERED OFFICE OF THE ISSUER**

Balise Springs PLC  
1 Bedford Row  
London WC1R 4BZ

### **TRUSTEE AND SECURITY TRUSTEE**

Truva Trustees Limited  
1 Bedford Row  
London WC1R 4BZ

### **PAYING AGENT**

Avenir Registrars Limited  
5 St. John's Lane  
London EC1M 4BH

### **REGISTRAR AND TRANSFER AGENT**

Avenir Registrars Limited  
5 St. John's Lane  
London EC1M 4BH

### **SERVICER AND CALCULATION AGENT**

Bedford Row Capital Advisers Limited  
1 Bedford Row  
London  
WC1R 4BZ